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WAR DEPARTMENT

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No. 7459

Subject: The Chinese Situation as it Affects United States Army Troops at Tientsin.

To: A. C. of S., G-2, Washington, D. C.

RECEIVED G-2 W. D. APR 1 1929

1. Pursuant to the request contained in Evaluation Report dated January 14, 1929, relative to the agencies which may occasion the active operation of United States Army troops in Tientsin, the strength of such troops, etc., the following considerations are submitted.

A conventional estimate of the military situation in China is not possible, nor would it be informing if attempted. The political influences and the military forces involved are too nebulous to be arranged as to direction or probable lines of action. In the Chinese situation today, no less than formerly, variables are everywhere and constant factors almost non-existent. One does not know what his enemy may be, what his strength is, nor can one form the vaguest estimate of the time when he may strike. Until a specific Chinese situation develops it is impossible to assign a strength to combat it. In China it is noteworthy that perfect calm and extreme violence can exist very close together both geographically and as to time interval. Menacing flare-ups occur suddenly; large and dangerous movements develop more deliberately.

2. Present Mission of United States Army Forces in China.

In the past United States forces in North China were assigned the mission of protecting the American official representatives in Peking and keeping the communications open from the capital to the sea. The detailed duties of the forces which grew about this mission were developed from the rights derived from the Protocol of 1901, based on the fundamental conception that the foreign missions to China were to be protected from violence in the capital or were to be insured, so far as possible, an escape to the sea in certain eventualities. The mission of the troops was merely a re-statement of the rights demanded by the Protocol of 1901, and acceded to by China under duress. As an assertion of sovereignty of the United States there grew up without specific pronouncement the additional duty of the American forces to protect the lives of all Americans within limits permitted by the primary mission. As applied to our naval forces in Chinese waters the duty of protecting American lives and property, both with fairly well defined limitations, was restricted to no geographical area within the scope of naval action.

During and since the successful advance of the nationalist armies from Kwangtung to the Wall, 1926 to 1928, the mission of the American forces in Tientsin has undergone modifications due to administrative decisions and instructions which must be culled from various State Department despatches, and decisions of the Minister. These modifications have been interpreted by the Minister and, by virtue of the relationship of the Minister to the forces in Tientsin, imparted to the commander of troops. The mission at present assigned differs greatly from the provisions of the Protocol of 1901, although the technical rights of the Protocol have in no sense been relinquished. The present mission has nowhere been briefly and succinctly stated. Perhaps it cannot be so stated. An excerpt from a letter from the Minister to General Castner dated June 2, 1928, is the most specific statement bearing on the present mission:

> "As I explained in our recent conversation on the subject of the mission of the United States Army Forces, practical considerations arising out of internal developments in China have virtually relegated to abeyance what was, under the Protocol of 1901, the primary mission of the United States Army forces - namely, the maintenance of open communication between Peking and the sea. You understand, of course, that the right under the Protocol is neither surrendered nor waived; but that it rests in abeyance, in the absence of what our own Government (and other interested Governments) would consider adequate force to assert the right successfully in the face of opposition under present day military and political conditions in China. Considering it impossible successfully to assert this right under the conditions indicated, it is the policy of our Government not to attempt, under those conditions, any such assertion of it, which would be merely provocative and (as indicated by the experiences of December, 1925) abortive and humiliating to foreign prestige. In these circumstances, the keeping open of communications from Peking to the sea (either at Tangku or at Shanhaikuan) has ceased to be the primary mission of the United States Army Forces, and has become a merely contingent mission, secondary to the protection of American life in the Tientsin area. At the present time, therefore, it is my understanding that our Government does not wish its forces to participate in any measures directed towards the maintenance of free communication between Peking and the sea, save insofar as such measures are deemed requisite incidentally to the protection of American life in the Tientsin area - as may be the case with regard to the section between Tientsin and Tangku."

My own conception of the present, primary mission expressed, as nearly as possible, in military terms would be as follows:

> The United States Army Forces in China will protect American lives in the Tientsin area. In cooperation with other foreign forces, while reserving independence of action, they will secure selected localities in Tientsin as an area protected against dangerous and disorderly Chinese elements; with a view to the possible evacuation of our nationals they may be called upon to assist in keeping open communications between Tientsin and Tangku.

It is clear that our government is firm in the policy of protecting the lives of Americans legally resident in China, insofar as practicable. As concerns Army forces, the measures now deemed practicable are that certain areas in Tientsin, with the facilities there available, be secured against mobs and disorderly soldiery in order that they may be used as a concentration point for our nationals for temporary refuge, or for evacuation if necessary. So far as military authorities are concerned, the decision as to the necessity or lack of necessity for the security of Tientsin affects us only indirectly. The Administration, from estimates it has considered, has ruled that Tientsin be occupied as a necessary safeguard to American life in North China. The Army, in carrying out its assigned mission, has the responsibility of recommending the strength necessary for carrying out its mission. With this in view, resumes of the political and military situations are herewith submitted with a full appreciation of how inconclusive such resumes inevitably are.

3. <u>Resume of Present Political Situation</u>.

The National Government has succeeded in establishing itself at Nanking and has set up an administrative organization along more modern lines than any previous government of China. The government enjoys the prestige resulting from military and revolutionary successes, and diplomatic accomplishment in the recovery of previously alienated

rights of sovereignty. Public opinion, once highly favorable, still regards it with hope if not with entire confidence. The National Government is publicly admitted by all important national and provincial leaders to be "the Government of all China". Most of the best brains in the country are connected with the National Government. It is the hope of the younger men, many of whom are more eager than practical. Even in those areas where its mandates are not obeyed, there is moral weight behind its orders.

On the other hand the government is the creation of the Kuomintang Party which after all is only a relatively small portion of the Chinese people. There are many violent and long standing antagonisms to the Kuomintang which momentarily are in abeyance, but still strongly felt. The Kuomintang is distinctly a southern conception and its movement a southern movement. Recent events have stirred up a widespread, sullen feeling against members of the Tang who have used their power arbitrarily and often to purely personal ends. Since the break between the moderate and radical groups in 1927, the cohesion within the party has diminished. With the large expansion of the party occasioned by the influx of men flocking to a successful cause, the revolutionary morale has been materially lowered. Today the party central finds itself with greatly diminished discipline over its party locals. Due to differences of opinion, powerful provincial locals not only refuse to obey party orders but the radicals in many of the locals have stirred up an active opposition to the leaders in Nanking. Today the Central Executive Committee is on the defensive against a growing radical opposition, the old reactionary elements, who are biding their time, and against threatening military opposition, generally scattered but with a tendency to combine.

However liberal one may be toward the political accomplishments of Nanking - and they have been noteworthy - the mass of Chinese people, whose sympathy has been enlisted by glittering promises, clamor

for the realization of some of the benefits that were held out to them in the luring and lurid revolutionary days. Whether or not the populace is unjust in expecting immediate improvements is aside from the question; the feeling of the people grades from disappointment to contempt for those who have failed to relieve their burdens. The masses are fertile ground for the recruiting of either radical or reactionary opposition to the government. The party leaders in Nanking may attempt to appeal for popular support on the score that the people are suffering most from the activities of the radical members in the party locals, but this would be a dangerous political expedient since it would be a repudiation of the membership of the party which is the source from which the party boasts of holding its mandate to govern. The theory of the party is that during the period of tutelage it rules for the benefit of the people and prepares the people for self-government. It does not claim, except indirectly, to hold a mandate from the people. It does, nevertheless, purport to be the government of and by the united Kuomintang.

The present situation permits the growth of considerable doubt as to the truth of the assertion that Nanking is operating primarily for the benefit of the people, and that it represents the will of the party. The right and left wings of the Kuomintang are fast becoming, or have become, two parties rather than two factions, and there are reasons for suspecting that the inner circle of the existing Central Executive Committee may represent the minority opinion of the party itself. After the break-up of the extremely radical group, near communists, at Wuhan, these members of the latter group largely went abroad, sought safety in foreign concessions or returned unobtrusively to their homes. After the Fifth Plenary Session of the Central Executive Committee in August, 1928, many of the less extreme, but still radical, party officials were impelled to leave Nanking. Some sought foreign concessions but the most of these members returned to their homes and took up active work in their

party locals. As a result of the persistent efforts of the radicals, together with those members who were not given positions in the government, a very important movement developed in nearly all of the party locals (Canton is a notable exception) against the central party authority. Obstructionist tendencies have caused the party central great embarrassment, especially in Shanghai, Peking, Tientsin, and even in Nanking itself. Anti-government and pro-left wing resolutions are beginning to appear from party locals, which indicate increased confidence and improved radical organization. The resolutions also begin to indicate the nature of appeal the radicals will make to a populace impatient with the failure of internal reforms.

The quite evident schemes devised by the C.E.C. for controlling the election of delegates to the Party Congress are proof of the fear entertained by the present leaders that they might be repudiated if the selection of delegates were left to the free choice of the party locals.

The above political difficulties within the party, combined with the continued existence of militarism, with the financial stringency of the government, with the danger from reactionary elements everywhere waiting for a chance to come back, create a setting which warrants little confidence in the belief that the time has passed when normal political vicissitudes will be unattended by recurrent situations dangerous to foreign residents in China. Appeal to mob action by radical agitators to carry minor contentious points or to embarrass the government authorities has been officially advocated and practiced so long that it has become a classic method of expressing any manner of protest. The Foreign Minister himself in Nanking recently experienced the most unwarranted and sudden mob action. But for the constant repression by the police and military, Chinese and foreign, Shanghai would be a shambles from mobs. The Legation Quarter in Peking has just escaped a possible international embarrassment due to the fact that the local Chinese officials

promptly suppressed incipient mobs which local agitators, for small cause, were bent on employing to haze foreigners and Nanking's appointees at the same time. Situations similar to this may be expected with greater frequency if the fight between the moderates and left wing factions gathers momentum, as it now promises to do. If the left wing succeeds, at best there must follow a period of military struggle or a period of renewed expression of radical activities.

4. Resume of Present Military Situation.

Despite the fervent hopes of the people for the promised relief from militarism, despite the earnest efforts of the civilian leaders to make the military subservient to the central government, despite the recent optimism surrounding the Disbandment Conference, actual conditions are known to all. These conditions, in brief, are that the physical potentialities for the waging of civil war in China are practically unaltered. Such moral influences as have worked upon the important leaders that may cause them to carry out the physical and mental disbandment agreed to at the round-table in Nanking are purely hypothetical. To say that no change of spirit has come over them is probably a refusal to concede recognizable evidences of progress; to say that the change of spirit has been sufficient to regenerate individuals to the point where they willingly accept oblivion for the sake of a cause is to expect too much of Chinese militarists - or any group of ambitious human beings. What may eventuate from the comprehensive disbandment resolutions, agreed to with no little enthusiasm at Nanking, remains to be seen. Today what are the facts?

The leaders have all repaired to their respective military regions, having taken solemn oath that they will faithfully carry out the resolutions of the conference as executed by a standing committee appointed by the conference. This standing committee consists of the important military leaders themselves together with some prominent civilian party members. The resolutions provide essentially for the

cancellation of army group headquarters (personal military regional headquarters) and the substitution therefor of Disbandment Committees headed by the seconds-in-command of the respective military chieftains and consisting of appointees of the party and other chieftains; actual disbandment to a prescribed number of divisions in each disbandment district; the command of all divisions to revert to the central military administration; relegation of all national taxation agencies and taxes to the Ministry of Finance; payment of troops by the central government. I have yet to converse with a single intelligent Chinese who expects these resolutions to be carried out in toto. All hope that some part of the resolutions may become operative. For the time being, any estimate of the Chinese situation must present the Disbandment Conference in the nature of moral and political accomplishment rather than realized elimination of the possibilities of further civil strife.

General public opinion in China is little concerned with political theories; enlightened and responsible opinion as expressed by bankers and larger merchants is little more so, but all opinion is unanimous in its aversion to further fighting and its desire for a central government. Nanking officialdom has made, and will continue to make, great compromises to keep the peace. Nevertheless, it cannot be overlooked that Nanking officialdom represents the ins while the commanders of military regions, other than Chiang Kai-shek, in varying degrees are the outs. Therefore Chiang Kai-shek and the coterie of civil and military men surrounding him, strictly speaking Nanking, view the status quo in a somewhat more desirable light than the outs. Feng Yu-hsiang is generally viewed with suspicion since he is reputed to play a lone game and have little real sympathy for the present reactionary tendencies of Nanking. Further he is believed to be decidedly leftist in his tendencies and to be seeking an opportunity to emerge as the political and military leader of the radical wing of the party. His area, Kansu, Shensi and Honan, is an armed camp and is looked upon almost as an enemy

camp by the other leaders. His troops are now concentrating in Shantung with a view to its occupation upon the withdrawal of the Japanese. He has formally been promised Shantung. There are various indications which create the suspicion, however, that the other leaders look upon his occupancy of Shantung, thus completing his corridor to the sea, with fear.

The situation in northeastern Shantung, where at present a nominal nationalist adherent is defending Chefoo against reactionary forces under Chang Tsung-chang, has the earmarks of being a more complicated situation than appears on the surface. It might well prove to be an involved scheme in which reactionary forces are permitted a temporary come-back in order that Feng Yu-hsiang's occupancy of Shantung may be forestalled or delayed. Despite protestations of the Nanking officials to the contrary, it is privately admitted by individuals of all nationalist factions that Feng Yu-hsiang is mistrusted and feared. It is difficult to see how the clouds of civil war can be dissipated so long as Feng remains such an ominous factor, almost a foreign element, in the situation.

In Shansi, Chihli, Chahar and Suiyuan, Yen Hsi-shan is in military occupancy. He obeys such orders of Nanking as suit his convenience and attempts to make up his financial losses incurred in the recent wars. He looks with ill-disguised suspicion upon Feng Yu-hsiang and with little favor upon the detachments of the First, Second and Fourth Groups of Armies remaining in northern Hopei. The Peking-Tientsin area is still occupied by detachments of troops owing allegiance to four leaders.

Manchuria looks upon Nanking as a political clearing house but retains a clearly defined autonomy. Her leaders are war weary but her armies are still large and active. The status in the areas of Jehol and Hopei, north of the Lwan River, is unsettled and the possible cause of friction.

Hunan and Hupeh are controlled by the Kwangsi faction. Some of their divisions are alien troops and the remainder are Hunanese whose provincial feeling is notably strong. There has just been witnessed a coup d'etat at Changsha in which an appointee of Chiang Kai-shek as head of the provincial government was driven out by subordinates of Li Tsung-jen. The subordinates are Hunanese and of doubtful loyalty to the Kwangsi faction itself. The coup d'etat was carried out with a hasty movement of troops in direct disregard of a resolution of the recent Disbandment Conference, and is evidence of the merely nominal allegiance of Wuhan to Nanking.

Szechwan, Kweichow and Yunnan are all autonomous provinces and more or less constant skirmishing grounds for local leaders who are loosely affiliated with either the Kwangsi or Nanking faction.

Kwangsi, the home province of the Kwangsi faction, always threatens Kwangtung when not actually in control of it. At present a subordinate of Chiang Kai-shek and a Kwangsi leader, Li Chai-sum, divide the honors at Canton, and their troops enjoy a truce. Fukien, divided among three local military groups, is practically autonomous.

The area in which Nanking's authority is complete is that occupied by the armies of Chiang Kai-shek. All the rest of China bears such relationship to Nanking and submits to such decrees of the government as the regional leaders see fit in particular situations. The strength of Nanking consists largely in the voluntary dependence of the several militarists upon the ability of the central institution to absorb the recurrent shocks between them which hitherto would have precipitated armed conflict. This service of Nanking is undeniably desired by all the militarists and is a shrewd political conception of the Kuomintang. Another brake which the party has on civil strife is the intimidation it can bring to bear on a possible aggressor through the agitation which can be called forth from party locals. As opposition to the party central increases this mechanism may cease to be available.

There is no evidence, despite the Disbandment Conference, that as yet the military leaders have genuinely set about to disarm. Official announcements to the contrary, all arsenals, with the exception of Hanyang, are working up to the capacity permitted by the revenues available to the militarists. The effect of the Disbandment Conference must be gauged by future developments.

5. In view of the political and military conditions described above it cannot be predicted that the Nanking Government will fail to maintain peace and gradually attain the requisite authority and revenues to effect reconstruction. Nor can it confidently be asserted that civil wars in China have ceased and that the dangers from foolishly inspired or radically inspired mobs need no more to be considered. To employ Foreign Minister Wang's own words: "In a country with a past like that of China, which is politically slowly changing its foundations, the man who expects an absence of instability and uncertainty to a certain extent, -- well, he is unread in history" -- Chinese history, it may appropriately be added. — Or any other.

The probability still remains high that situations may again arise in the Tientsin area where, without the security afforded by foreign troops, foreign life may be endangered; that senseless flare-ups may occur in which the mere presence of foreign troops will forestall incidents which would greatly disturb Sino-American relations, and in which the stabilizing influences of foreign troops conceivably would prevent useless chaos, as did the foreign forces in Shanghai in 1927.

6. Strength of United States Army Forces.

In reply to request from me for an expression of opinion relative to the adequacy of the present force to carry out its mission, Lieut. Col. J. W. Stilwell, G.S., Chief of Staff, U.S.A.F. in China, states as follows:

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"In my opinion, the U.S. Army troops at their present strength can adequately guard the sector assigned them in the plan of defense of the Tientsin settlement."

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"The effect of the withdrawal of the Marines has been that we take in about 1,000 more yards of front west of the river. This gives us exactly what we had before the Marines arrived. They had a force on the east bank at the Standard Oil plant, which we will not replace. I can't see that the Marine withdrawal has any other effect on our mission, which has not been changed in any way.

"What is meant by 'radical or destructive agencies' I don't quite know. Anything from outside we are prepared to stop. The only elements inside the town that might make trouble are Russians and communist Chinese. We flatter ourselves that we can effectively deal with any disturbances that such elements might raise."

In general, the above remarks are applicable to any situation which it is probable the Army troops will be expected to meet in the immediate future. In the event of more serious situations, which would be heralded by timely warnings, additional or enla rged missions might of necessity be imposed. In such case reinforcements would doubtless be needed. The demands of the situation in Tientsin today are essentially little altered from what they were in former quiescent periods.

From the viewpoint of an official in China, one has the inescapable feeling that the whole question of necessary security forces in China would be simplified were a more flexible attitude adopted toward a situation which is so decidedly variable. That is to say, if security forces could be considered mobile rather than fixed, of variable strength rather than fixed strength, one would be disposed always to recommend the minimum strength in quiet times, provided there were some assurance that in critical times reasonable and necessary reinforcements would be forthcoming. It should be appreciated that officials in China are loath to see the departure of forces which, while not immediately needed, may be imperative in a month or a year, and whose recall creates a major issue rather than a normal, precautionary troop movement. If the policy of the government permitted reasonable flexibility in the shifting of troops between the Philippines and Tientsin in emergencies, the question of strength of the Tientsin garrison would most nearly approach solution.

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MIL. INTEL. DIV.
JUL 24 2657-9-380 1929
WAR DEPARTMENT

G-2 Report

CHINA

Subject: Impressions of the Nanking Regime.

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From my discussions with numerous Chinese and foreigners during a trip to Nanking and Shanghai upon the occasion of the state funeral of Sun Yat-sen, I have gained certain impressions relative to the present status of the Nanking regime. Since personal relationships in China are still more potent factors than principles in gauging the immediate situation much of what follows will have to do with personalities.

From the point of view of the degree of stability or instability foreigners may expect to encounter in the near future, long-range hopes or predictions regarding Chinese evolution are not relevant. No practical purpose in the way of military intelligence is served by whitewashing present conditions in the optimistic hope that such conditions eventually will disappear. They may or may not disappear within a period which is of military concern. Sympathetic appreciation of China's problems is in no way vitiated by a most calculating inquiry into the facts of the situation. I have tried to obtain the opinions of foreigners and Chinese of varied types and shall attempt to express what I believe to be the concensus of such opinion, especially Chinese. I have never known a time in China when there exists so little difference as today in the opinion of intelligent die-hards, intelligent foreign liberals and intelligent Chinese. Recent developments have forced a modification of the views held by each class and heated argument has given way to calm discussion. The Nanking regime has proved to be more stable than was predicted by the die-hards; it has fallen far short of the expectations of its most sympathetic exponents.

Chiang Kai-shek.

One is not far wrong in saying that the government at Nanking consists of Chiang Kai-shek and T. V. Soong. If these two are in agreement, there can arise little opposition in the party central to block their schemes.

From M/A, China Report No. 7542 June 11, 1929

I talked with nobody who did not deplore the increasing personal power of Chiang Kai-shek and who did not believe that due to causes not clearly defined he ultimately would be eliminated. At the same time all agree that he is shrewd, capable and stronger than all those about him. Nobody suggested the existence of any organized force which might immediately replace him. Nevertheless, there is a general opinion that however inevitable the tendency toward dictatorship of a strong man in China, the political evolution has proceeded so far that no dictator can stand.

Chiang Kai-shek is proceeding vigorously to destroy all political and military opposition to the central regime. The resulting increased authority accrues not to the civilian component of the government but to Chiang Kai-shek. As the opposition of organized cliques disappears the government as an expression of the will of the party also disappears. The opposition becomes a widespread, popular movement against a dictatorial regime, and China, with evident modifications, is back to where she was before the revolution assumed a militant form.

An essential difference between the nationalist regime and military cliques which previously attempted to govern all of China is that the Nationalists appreciate the necessity of surrounding a conquering leader both with limitations to his power and an administrative machine to organize his territorial gains, while previous regimes attempted to consolidate their gains with a pathetically small and inept coterie entirely subordinate to the conqueror. Examples of this are Yuan Shih-kai, Wu Pei-fu and Chang Tso-lin. Today a menace to the stability of the Nanking government is that while the present unification-by-force policy is adding new provinces, the dependable administrative personnel available to the government to consolidate its gains is not being augmented. On the contrary, many genuine nationalists have been forced into the ranks of the opposition, and there is an ominous drifting of disappointed officials, old and young, away from Nanking.

Having launched upon his positive policy, Chiang Kai-shek is leaving nothing undone to increase his military superiority. Practically all available revenues are being spent on the maintenance and improvement of the "government" armies. It is admitted that 91% of all national revenues not earmarked for debt service go for military expenditures. There ceases to be any pretense that money is being devoted to purposes of reconstruction. The government maintains a semblance of international respectability by covering its most pressing obligations. Administrative expenses are curtailed, education is neglected, in order that the growing military demands may be met. It is suspected by some that Chiang Kai-shek is not sparing his private reserves to remain in a game where the stakes are large. It was told that the fantastic tales of large gold drafts purchased by certain leaders, interpreted as personal graft, were occasioned by remittances for the purchase of arms and military equipment.

All available national revenues are devoted to make Chiang Kai-shek's divisions invincible or to purchase the loyalty of those militarists not yet marked for extinction. T. V. Soong apparently has been won over to this unification-by-force, unification-by-purchase policy. Following the advice of the late Colonel Bauer, Chiang's general plan of action seems to be to eliminate active military opposition such as the Kwangsi clique and Feng Yu-hsiang. After improving his own armies, destined to constitute the national army, he will gradually eliminate the numerous allies which he knows to be untrustworthy but which serve his purpose for the time being. He would then be supreme with authority highly centralized.

His present activities to improve his own combat strength are the development of loyal officers as graduates of the Central Military Academy; the building up of a model training division from personnel suitable for officers; and the development of an efficient air service. He also is busily training a special gendarmerie which is probably designed to free combat divisions from the demoralizing effects of police duties. Already this force has been assigned the duties of policing the Chao-Tsi Railway

zone and the Nanking metropolitan area. His first model training battalion (trained according to Bauer's plan) has been expanded to two battalions. His air service is still poorly developed, but he is very active in the purchase of planes and has employed seven additional German officers, all aviation experts of one kind or another.

Madame Chiang Kai-shek.

One hears much of the influence of Mei Ling Soong over her husband. Some say she is leading him to his destruction. She is very ambitious, and is believed to be urging Chiang Kai-shek along the dictatorial path. Her vanity and recent haughtiness have alienated her former friends. T. V. Soong has never been kindly disposed toward his sister. The Chinese are recalling instances in past history of infamous women who have wrecked dynasties.

On fairly good authority I hear that Madame Chiang at the moment is making a great play with the British in order to obtain British assistance in the creation of a modern Chinese navy. It would doubtless appeal to her vanity to match the old Empress Dowager's marble boat with a modern fleet.

T. V. Soong.

In view of the reported agreement of the Minister of Finance to Chiang Kai-shek's positive policy, the epithet "Soong Dynasty" assumes a less humorous aspect. There are evidences that power may be going to the head of the formerly modest, straightforward T. V. Soong. He has always been somewhat abrupt, but there are instances of late of his being discourteous to Chinese in important positions. His successes in purchasing the allegiance of military leaders has given him the cynical belief in his ability to purchase any of his countrymen. However accurate his estimate of his own people may be, he cannot indefinitely continue to buy allegiance and keep it bought. The demands will increase faster than the revenues.

I was told by one in position to know that Soong not only provides military funds through Chiang Kai-shek's fiscal agencies, but that he does some direct financing of certain units which are considered to be in the leftist category. Chang Fa-kwei's 4th Division ("The Ironsides" - in reality a strong corps) is thus maintained. While it is not clear whether all of his manipulations are known to Chiang Kai-shek, I heard no suggestion that the two were not generally working in harmony.

Soong has a sufficiently broad vision to appreciate the necessity of providing for the service of the most pressing foreign obligations and the internal loans. This he does successfully enough to still adverse international publicity. Foreign business men continue to find him highly satisfactory to deal with. In fact, I have never heard any foreigner who did not express praise of Soong's cooperation and honesty in carrying out his word in any situation which he could reasonably be expected to handle. Especially the Standard Oil Company and British-American Tobacco Company officials have invariably found him intelligently and keenly anxious to solve their difficult problems of taxation in a reasonable spirit. Incidentally, it is with certain Americans only that Soong is on intimate social terms.

It is hardly surprising that Chiang Kai-shek and T. V. Soong, so engrossed in the immediate problem of maintaining their positions and keeping the government going, have little leisure for carrying out party principles and promises. However, it seems to be true that they have from force of circumstances, or otherwise, lost that zeal for improving the condition of the Chinese people which figured so prominently in the party appeals for popular support a short time ago.

2055-669

Changes in Nanking Since Last Visit.

Six months ago I visited Nanking (Report No. 7429). Since that time several critical periods for the national government have been passed successfully and the situation bears fewer definable menaces to Nanking

than ever before. The regime, if not the party, seems more firmly in the saddle than at any previous time. The party congress was held without disorders; the Kwangsi faction has been eliminated as an immediate factor; the state funeral was ably managed; and to judge from superficial evidences, Feng Yu-hsiang seems to have been rendered harmless for the time being. The results of the internal modifications which have taken place in the party and government a re yet to be disclosed, but the position of the regime, whatever its present nature, is not seriously being contested by any organized opposition.

Taking into account the continuing internal strife, both military and political, Nanking could not be expected to accomplish any fundamental reforms, and it has not. The government and party, as differentiated from the Chiang-Soong oligarchy, has not noticeably improved its administrative efficiency nor increased its civil authority in the past half year. The friction of the governmental machine does not seem to have been lessened. For example, the Ministry of Military Affairs is still disorganized and impotent. All the military authority and administration remains in the Department of Training which, it will be remembered, is the headquarters of Chiang Kai-shek's personal military establishment. The Ministry of Communications is still combatting the Ministry of Railways over commercial aviation, and the Committee of Reconstruction over radio development. In general, it is believed that any administrative advancement discernible is traceable to the concentration of ultimate authority is the hands of Chiang Kai-shek, and his present ability, in a vital issue, to make such arbitrary decisions as he sees fit.

There seems to be no more vacillation concerning the location of the capital. The government is now definitely digging in in Nanking and one hears no discussion regarding a removal of the capital. Some physical improvements are being made at Nanking but actually little progress has been made in the new capital except the crystallization of plans.

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Considering the inertia of China as a whole, Nanking has shown appreciable improvement; judged by the length of time Nanking has been the capital (two years) and the statements of national officials, the results are not to be taken too seriously. Only the central roadway of the Chung Shan road has been completed, and this in a manner which will necessitate constant repairs. A few other broad, arterial roads constructed in the city have already materially assisted traffic circulation. A narrow, stone-paved motor road entirely around Purple Mountain has just been completed, as have some cross roads in the vicinity of the tomb where the future government center is to be. Some small business houses and living quarters in the city are being constructed. Considering the demand for such buildings there should be more except for the uncertainty that has existed regarding the city plan and the general political uncertainty.

The city planning of Mr. Murphy has progressed favorably. Some cross streets from the Chung Shan road have been demarked, though not constructed, so that prospective builders may know what to expect. By the end of June, Mr. Murphy says the general city plan will be made available. This should further encourage building. I heard nothing about the prospects for financing the construction of the government center.

Popular Attitude Toward Nanking.

Profound indifference characterizes the general foreign attitude toward the government. One hears neither optimism nor pessimism expressed regarding Nanking. It disappoints those who had hoped for too much and is not so bad as those who had feared the worst. Without daring to predict the future outcome, there are few who manifest any confidence in the permanence of the present regime. The average business man dismisses the subject of Nanking with some such observation as, "It's not too bad; it's the only thing we have. Nobody contests it's authority and if they did it might only be worse".

The Chinese still entertain more doubts and fears concerning the government than do most foreigners. The northern Chinese are indifferent to the government and antagonistic to the party. The Chinese in the Yangtze Valley freely criticize the government. Quite naturally the people generally associate the present regime with the personalities at its head. Chiang Kai-shek and the "Soong Dynasty" are undeniably unpopular. Their appeals for popular support meet with no response. The Chinese people can see no reason whatsoever in the claims of the present governing clique to the right to monopolize the government. T.V. Soong himself in debating a point recently with Chiang Kai-shek said, "After all, what right have you and I to govern China"?

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
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4-1
WAR DEPARTMENT

G- 2 Report

CHINA

Subject: The Burial Ceremonies of Sun Yat-sen.

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No attempt will be made to describe the details of the ceremony during which the body of Sun Yat-sen was removed from Piyunssu to its final resting place in the tomb on Purple Mountain. Only a few observations and impressions gained throughout the week-long ceremony will be reported. Lest the appreciation of Sun Yat-sen as a national revolutionary hero and his deification be too exclusively associated with the present group in power, it should be recalled that the conception of Dr. Sun as the symbol of national revolution was due to those Chinese leaders most intimately inspired by Borodin, many of whom are now refugees discredited by Nanking. As a side-light on Chinese internal relations it is interesting to remember that the first ceremonies in connection with the erection of the tomb and its early construction took place at the end of 1925, while Sun Chuan-fang was still firmly in control at Nanking.

The burial ceremonies were once postponed. There was a likelihood that after great effort and expense they would again have to be postponed, due to the menace of the approaching hostilities with Feng Yu-hsiang. The fears of what Feng might do proved to be groundless, but not until after the decision was made to go ahead with the ceremonies. Large scale military dispositions were made to insure the carrying out of the program. In these circumstances, great credit is due the central government for its determination to proceed with the state funeral. In the execution of all the details of the ceremony the executive and administrative skill of the present regime was in marked contrast to any modern Chinese government.

The burial was carried out with dignity and solemnity, and was conceded by all observers to be very impressive. For its impressiveness the credit again must go to the organizational ability of the government. It was a state manifestation, conceived and executed for political purposes. At no time during the program was there evidence of any genuine, deep feeling on the part of the officials. Solemnity literally was officially ordered and was observed as a matter of discipline. The Chinese, always dignified on serious occasions, are seldom solemn after the western fashion. For the funeral of Dr. Sun, the western-trained conductors of the ceremony decided to exact a number of forms, both as regards funeral equipment and conduct, such as are observed only in the West. The party was appealed to and its discipline applied in order to make effective an almost purely western ceremony. It was a modern, non-Chinese funeral, just as the tomb is a modern, western conception from which design it departs little except in the abbreviated, curved Chinese roof and its hillside setting.

It was noticeable that no popular feeling was manifested at any stage in the ceremony. The Chinese generally express little feeling when not stirred to a pitch of excitement, but they generally turn out for pageantry when not deterred. Whether the failure to witness the procession was due to indifference or to official discouragement is not known. In Peking, despite a general holiday, few people lined the streets. In Nanking the same was true. The officials being fearful of some incident which might have marred the ceremony possibly discouraged the formation of crowds. Very rigid discipline was maintained in such groups as did assemble. Some missionaries told me they knew of a village within the walls of Nanking in which nobody witnessed the funeral procession. I saw peasants flailing wheat along the route of march who did not stop their work as the

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G-2 Report

CHINA

Subject: The Burial Ceremonies of Sun Yat-sen.

catafalque passed. The missionaries were puzzled at the indifference of the people. Aside from a limited number of officials and foreigners, few people came to Nanking for the occasion. There was no influx of people such as had been expected.

By far the most dramatic feature of the funeral was the appearance of Madame Sun Yat-sen. From the beautiful woman she had been a few years before she had changed to a cold, steel-like creature grown bitter from suffering. She was hatless and her hair was combed back severely. Her expression never changed. It was the expression of a fearless woman about to be executed who hated her judges. Since her arrival in China she has been silent, even to her own family. She only nodded to Madame Chiang Kai-shek when they met; T. V. Soong has had no conversation with her. N obody yet knows what she will do. In the announcement of her decision to attend the funeral she stated that her coming was not to be construed as a political acceptance of the reactionary regime which had destroyed the revolution. It is generally believed that she is a member of the Communist Party. When she viewed the body at Piyunssu, she is reported to have said, "Where has our Leader gone"?

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G-2 Report

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WAR DEPARTMENT

CHINA (Political).

Subject: Soviet Ultamatum.

RECEIVED G-2 W. D. AUG 19 1929

Following is the "Tass" rendition of the SOVIET NOTE TO CHINA delivered to the Chinese Charge d'Affaires at Moscow on July 14, 1929.

By instruction of the Government of the Union of Soviet Socialist Republics we request to inform the Mukden Government and the National Government of Nanking the following:

According to information received by the Government of the U.S.S.R. the Chinese authorities of Harbin have raided on the morning of July 10th the Chinese Eastern Railway and seized the telegraph of the latter along the whole line interrupting thereby the telegraph communication with the U.S.S.R. and have closed and sealed without explaining the reasons the Trade Mission of the U.S.S.R. as well as the branches of the Gosторg, Textile Syndicate, Naptha Syndicate and the Soviet Merchant Marine. The tupan of the railway, Mr. Lu Chung Huang, has submitted to the manager of the railway, Mr. Emshanov, the demand to hand over the management of the railway to the person appointed by the tupan. When manager Emshanov refused to comply with this unlawful demand, which presents a gross violation of the agreement regarding the provisional management of the Chinese Eastern Railway concluded in Peking on May 31st, 1924, as well as the agreement concluded ~~in~~ between the Government of the U.S.S.R. and the Government of the Autonomous Three Eastern Provinces of the Chinese Republic concluded in Mukden on September 20th, 1924, he was removed from the performance of his duties as well as the assistant manager, Mr. Eismont. Both were then replaced by persons appointed by the tupan. The chiefs of the rolling stock and traffic divisions and other persons by the order of the same tupan were removed and replaced mostly by Russian white-guards. Along the entire line of the railway there have been closed and suppressed the trade union and cooperative organizations of the workers and employees of the railway, also many searches and arrests have taken place, and over 200 Soviet citizens, workers and employees of the railroad, were arrested. 60 Soviet citizens including the manager of the railway Emshanov and the assistant manager Eismont have already been sent out from the territory of China. Simultaneously there have been received reports about the concentration along the Soviet border of Manchurian troops which were put on a war footing and moved to the very border.

According to information received here together with the Manchurian troops concentrated on the border of the U.S.S.R. there are also located Russian whiteguard detachments which the Manchurian command intends to throw across the Soviet border.

The above actions represent most obvious and grossest violations of clear and unequivocal clauses of agreements concluded between the U.S.S.R. and China. These violations will not become less atrocious for the reson that the tupan of the railway in his announcement himself refers to the duty of the representatives of both parties on the railway to strictly observe the agreements, attempting to mask his openly illegal actions by this reference.

As is clear from Article I of the Agreement about the Provisional Management of the Chinese Eastern Railway of May 31st, 1924 and from the analogues Article 1, clause 60 of the Mukden Agreement all questions relating to the Chinese Eastern Railway are to be discussed and settled by the board of directors of 10 persons, and "decisions of the board of directors are to become effective if approved by not less than six members of the board". The chairman of the board of directors, being a Chinese citizen, and the vice-chairman, a Soviet citizen, "jointly supervise the affairs of the board of directors and both shall sign all the documents of the latter."

M/A China No. 7563 July 19, 1929.

CHINA (Political).

Subject: Soviet Ultamatum.

Thus, the very fact of the issuance by the tupan of the one-sided order over his single signature and without coordinating his action either with the board of directors or with his assistant, who is a Soviet citizen, makes this act of his obviously unlawful, not to mention the fact that this act absolutely violates the principle of parity established by the Soviet-China agreements.

According to Article 3 of the same Peking Agreement and Article 1, clause 8 of the Mukden Agreement, "the management of the railway devolves upon the manager, a citizen of the U.S.S.R., and two assistant managers of whom one must be a citizen of the U.S.S.R. and the other a citizen of the Chinese Republic. The above officials are appointed by the board of directors and confirmed by the respective Governments." Their rights and duties are determined by the board of directors who appoint also chiefs and assistant chiefs of various departments of the railway.

Thus, the dismissal of the manager of the railway by the order of the tupan and his replacement even temporarily by a Chinese citizen as well as the arbitrary dismissal of the assistant manager and a number of other officials of the railway violates the basic clauses of the Agreements of 1924 and radically changes the system of the management of the railway which had been established by the agreements between the Governments of the U.S.S.R. and China and recorded in the agreements effective as between both sides. This wholly unjustifiable violation is the more atrocious since as follows from the articles of the agreements quoted above the appointment and consequently the dismissal of the above officials is the prerogative of the board of directors as a whole and cannot be done otherwise, in particular by one-sided personal orders of the tupan of the railway.

The tupan in his announcement refers to the order issued by him to manager Emshanov regarding the putting into effect of a number of demands of the Chinese side concerning the manner of the management of the railway, The manager of the railway however, is an executive organ of the entire board of directors as a whole and cannot carry out orders of the tupan or his assistant if they are not issued from the board of directors itself over the signatures of the chairman and his assistant as required by Article I, clause 6 of the Soviet-Mukden agreement of 1924. The very reference to the non-compliance by the manager of the railway with the personal orders of the tupan only confirms the illegal character of the tupan's actions.

According to the spirit and letter of the Peking and Mukden Agreements of 1924 the Chinese Eastern Railway is an object of joint management between the U.S.S.R. and China, and the Chinese Eastern Railway may become the property of China either upon the expiration of the time fixed by the agreement or before the expiration of the time by the redemption of the railway by China by the agreement of both parties. The above-stated illegal actions of the tupan of the Chinese Eastern Railway sanctioned by the Chinese Government mean in effect seizure of the railway and an attempt of one-sided cancellation of existing agreements.

Agreements of 1924 establish a quite definite procedure of the regulation of all disputable questions concerning the railway. According to Article 6 of the Agreement of May 31st, 1924 signed at Peking and Article 1, clause 11 of the Mukden Agreement "all questions on which the board of directors cannot come to agreement must be submitted for consideration to the Governments of the contracting parties for just and friendly settlement." Each of the parties has, thus, full opportunity to raise before the other party any question in a quite lawful and normal manner and to endeavor to have its demands realized.

CHINA (Political).

Subject: Soviet Ultamatum.

However, the Chinese side in this case as in some preceding cases, as for instance the recent seizure of the telephone station, preferred the path of one-sided and unlawful actions which not only violate but destroy the agreements existing between the U.S.S.R. and China.

Stating that the above actions of the tupan of the Chinese Eastern Railway constitute a gross violation of the existing agreements between the U.S.S.R. and China, the Government of the U.S.S.R. enters the most emphatic protest regarding these actions and draws the attention of the Mukden Government and the National Government of the Chinese Republic to the extreme seriousness of the situation created by these actions.

The Government of the Soviet Union has given repeated proofs of its peacefulness and friendly attitude towards China and toward the struggle for equal treaties and the restoration of the sovereignty of China. The Government of the U.S.S.R. had at its own initiative already in 1919 addressed a declaration to the Chinese people in which it declared its readiness to abolish all unequal treaties made between China and czarist Russia. In the agreement of 1924 the Government of the U.S.S.R. has put into effect all its declarations. The Government of the U.S.S.R. had voluntarily renounced in favor of China its concessions in Tientsin and Hankow. It had voluntarily renounced consular jurisdiction, extraterritoriality, for its citizens living in China. At its own initiative it had renounced the Boxer Indemnity turning it over to the cause of education of the Chinese people. Lastly, it also voluntarily renounced all those privileges which were granted Russia on the Chinese Eastern Railway, namely the right to have in China its troops, police courts and other military administrative functions which until then had been the prerogative of the Russian authorities on the Chinese Eastern Railway, and along the entire right of way of this railway. The renouncing of all the privileges which foreign governments still enjoy, with whom China maintains normal relations, was the manifestation of the socialist character of the foreign policy of the Soviet State. The conclusion of the agreement of 1924 between the U.S.S.R. and China was met with the greatest sympathy in all parts of China, for this agreement for the first time realizes the principle of equality of (contracting) parties and the full sovereignty of China.

From the above it follows that if the Chinese authorities had any claims in regard to the order established on the railway or even in regard to the rights on the railway established by the agreements, including the reduction of the time limit of the agreement and the redemption of the railway before the expiration of the time limit, these authorities had the full opportunity provided by the agreements to submit any claim to the Government of the U.S.S.R. in a legal manner.

The Government of the U.S.S.R. states that in questions concerning the Chinese Eastern Railway it has invariably manifested its readiness for the friendly regulation of any disputable questions. As recently as on February 2nd, 1929 in the note handed by the General-Consulate of the U.S.S.R. at Mukden to the Central Diplomatic Department of the Three Eastern Provinces of the Chinese Government, the U.S.S.R. declared that it "considers it extremely desirable that all disputable issues and particularly questions concerning the order of things on the railway which remained unsolved during past years and which has caused misunderstandings and complicated the normal work of the railway should be considered and settled for the purpose of removing possible misunderstandings and conflicts." This proposal, which

CHINA (Political)

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testifies to what extent the Government of the U.S.S.R. has been ready to meet the reasonable wishes of the Chinese side enabled the Chinese Government to submit for consideration amy of the questions which had interested her. The Chinese side, however, did not wish to take advantage of the opportunity which the proposal of the Soviet Government of February 2nd, 1929 had offered, and this proposal has remained unanswered. Similarly, there was no answer to the telegram sent 11th July, 1929 and signed by the People's Commissary of the Ways of Communications. This telegram addressed to the chairman of the board of directors of the Chinese Eastern Railway, Mr. Lu Chung Huang, declared the readiness to immediately discuss all outstanding issues, informing the chairman of the board of directors of the railway that Mr. Serebriakov, member of the Collegium of the Commissariat of Ways of Communications, has been entrusted by the latter to conduct these negotiations.

All these facts exhaustively testify to the complete ineptness of the references made by the tupan of the railway in his above-stated announcement to the Chinese side to readjust the outstanding issues, mentioned above.

The policy of friendly and peaceful solution of all outstanding issues and the policy of respect of the sovereign rights of China which constitutes a radical negation of the basis of the imperialist policy of bourgeois countries, the present Chinese authorities are apparently inclined to regard not as a policy derived from the very nature of Soviet power but as a manifestation of its weakness. This is evidently the reason why the Chinese authorities allow themselves a number of grossly violent and provocative actions toward the U.S.S.R. abusing the latter's peacefulness. The Government of the U.S.S.R. is therefore compelled to remind the Chinese authorities that it possesses sufficient means necessary to protect the lawful rights of the peoples of the U.S.S.R. against amy violent attempts.

Remaining true to its peaceful policy the Soviet Government notwithstanding the violent and provocative actions of the Chinese authorities once more expresses its willingness to enter into negotiations with China regarding all questions connected with the Chinese Eastern Railway. Such negotiations, however, are possible only provided the Chinese authorities carry out the immediate release of the arrested citizens of the U.S.S.R. and the cancellation of all their illegal orders.

The Soviet Government accordingly proposes the following: 1. To call immediately a conference to regulate the questions connected with the Chinese Eastern Railway. 2. The Chinese authorities shall immediately cancel all the arbitmary orders regarding the Chinese Eastern Railway. 3. All arrested Soviet citizens are to be immediately released and the Chinese authorities shall cease all persecution of Soviet citizens and Soviet institutions.

The Soviet Government proposes to the Mukden Government and to the National Government of the Chinese Republic to weigh the serious consequences which the rejection of these proposals will have.

The Government of the U.S.S.R. declares that it will wait three days for the answer of the Chinese Government to the proposal stated above and warns that in the event of not receiving a satisfactory reply it will be compelled to resort to other means for the protection of the lawful rights of the U.S.S.R.

Parker G Tenney

PARKER G. TENNEY,
Capt. F.A.,
Asst Military Attache.

No. 7563

OFFICE CHIEF OF STAFF
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SEP 3
WAR DEPARTMENT

RECENT SINO-RUSSIAN DIFFICULTIES OVER THE CHINESE EASTERN RAILWAY

RECEIVED G/2 W. D. AUG 31 1929

1. Historical Setting.
2. The Account of Certain Advisers.
3. Remarks of Lo Wen-kan.
4. Russian Efforts to Forestall Crisis.
5. Conclusions.

1. Historical Setting.

Disregarding the confusion of the earlier history of the Chinese Eastern Railway, the present positions of China and Russia in the joint enterprise are fixed by the Agreement between the Republic of China and Soviet Russia signed at Peking on May 31, 1924, and by a further Agreement between Soviet Russia and the Provincial Government of the Three Eastern Provinces, signed at Mukden on September 20, 1924. These agreements will hereafter be referred to as the Peking Agreement and the Mukden Agreement, respectively.

From the point of view of the larger powers, other than China and Russia, it should be noted that the Washington Conference of 1922 dealt with the Chinese Eastern Railway in Resolutions No. 12 and 13 (Article V). Resolution No. 12, "Regarding the Chinese Eastern Railway, approved by all the Powers including China", states:

> "Resolved that the preservation of the Chinese Eastern Railway for those in interest requires....a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property."

Resolution No. 13, approved by all the signatory powers <u>other than China</u> states:

> "The Powers....reserve the right to insist hereafter upon the responsibility of China for performance or non-performance of the obligations toward the foreign stock-holders, bond-holders and creditors of the Chinese Eastern Railway Company, which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad."

The powers signatory to the above mentioned resolutions have not compelled the compliance of the Chinese Government with these resolutions. Following the Peking and Mukden Agreements of 1924, so far as is known, neither the Chinese nor Soviet Government has been seriously influenced in its action on the railway by the Washington Conference resolutions. In fact, in the Peking Agreement of 1924, China completely disregarded Resolution No. 13 by agreeing with Russia (Article IX, Section 4) that:

> "The Government of the Union of Soviet Socialist Republics agrees to be responsible for the entire claims of the shareholders, bond-holders and creditors of the Chinese Eastern Railway incurred prior to the Revolution of March 9, 1917."

Neither C hina nor Russia in the recent controversy has referred to the Washington Conference resolutions. It is the spirit of China today to admit no responsibilities arising from Resolution 13 which she did not adopt. Hence, the present controversy technically arises out of differences in the interpretation of and failure to carry out terms of the Peking and Mukden Agreements of 1924. The pertinent clauses in these Agreements are quoted herewith:

Peking Agreement of 1924.

Article VI.

> "The Governments of the two Contracting Parties mutually pledge themselves not to permit within their respective territories the existence and/or activities of any organization or groups whose aim is to struggle by acts of violence against the Governments of either Contracting Party. The Governments of the two countries further pledge themselves not to engage in propaganda directed against the political and social systems of either Contracting Party."

Article IX, Section 1.

> "The Governments of the two Contracting Parties declare that the C hinese Eastern Railway is a purely commercial enterprise."

Article IX, Section 4.

> "The Government of the Union of Soviet Socialist Republics agrees to be responsible for the entire claims of the share-holders, bond-holders and creditors of the Chinese Eastern Railway incurred prior to the Revolution of March 9, 1917."

Mukden Agreements of 1924.

Article I, Section 1.

"The Governments of the two Contracting Parties declare that the Chinese Eastern Railway is a purely commercial railway."

Article I, Section 8.

"The Railway Administration shall have one General Manager to be a Soviet citizen and two assistant managers, one to be Chinese and one a Soviet citizen. These shall be appointed by the Board of Directors and ratified by the two Governments. Their duties and powers shall be specified by the Board of Directors."

Article I, Section 9.

"The chiefs and assistants of the various departments of the Administration shall be appointed by the Board of Directors. When the chief of the department is a Chinese, the assistant must be a Soviet citizen, and vice versa."

Article I, Section 10.

"The members of the various departments of the Administration shall be engaged in accordance with the principle of equal numbers between Chinese and Soviet citizens."

Article I, Section 11.

"Excepting questions regarding budgets and expenditures to be settled in accordance with the provisions in Article I, Section 12, all other matters shall be decided by the Board of Directors. In case it is impossible to reach a decision on any matter, the Governments of the Two Contracting Parties shall be notified to decide the matter by peaceful and fair measures."

Article I, Section 12.

"The budget and expenditures of the railway shall be submitted by the Board of Directors before the joint meeting ofthe Board of Directors and Revision Committee."

Article I, Section 13.

"The net profits of the railway shall be held by the Board of Directors. Before the question of distribution has been decided by a committee jointly organized by the Two Contracting Parties the net profits are not to be touched ."

Article I, Section 14.

"The Board of Directors must revise, in accordance with the provisions of this agreement, as soon as possible and not later than four months from the date of establishment of the Board of Directors, the regulations of the Chinese Eastern Railway Company as ratified by the former Russian Government on December 4, 1892. Before their revision they shall remain effective in so far as they do not conflict and/or interfere with the rights and interests of China."

The financial and political corruption surrounding the Chinese Eastern Railway has become traditional. The question of the Chinese Eastern again has emerged from local to world interest and is being considered broadly in foreign capitals. It is important that the present situation be not considered in the light of simple disagreements arising from disregard or misinterpretation of technical agreements. These only are mentioned in published accounts and official statements by Russians and Chinese. Corrupt practices by the nationals of both countries are prevalent; Russian commercial, no less than political, practices are irregular; the disunity of the whole Chinese governmental structure, constituting a menace to international relations, is involved. A complete understanding of the present crisis is impossible without intimate knowledge of the machinations of Soviet officials in Manchuria and the intrigues of several Chinese factions. Obviously such details can never be fully known.

2. <u>The Account of Certain Advisers.</u>

The following account has been prepared from material largely made available by Mr. W. H. Donald (British), adviser to the Mukden Government, verified and supplemented by several lengthy conversations with Mr. Ostroumoff, one time general manager of the Chinese Eastern Railway and now adviser to the Mukden Government Board of Railways. Dr. Lo Wen-kan, several times minister in Peking governments, is now an adviser to Chang Hsueh-liang. In long conversations with him, he confirmed Mr. Donald's story and added some further interesting remarks. Definite statements of Mr. Donald are believed to be accurate. All of these gentlemen, as employees of the Mukden Government, are quite naturally interested in putting the Chinese case in its most favorable light. Dr. Lo Wen-kan is a famously cynical, outspoken man but, to quote his own words, "One can be expected to lie when national interests are at stake".

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Ever since the Agreements of 1924, the friction between the Chinese and Russian authorities in Manchuria has been growing and the available revenues of the C hinese Eastern Railway have steadily been diminishing. The Mukden Government has not ceased working to recover rights in the Railway whenever possible, and the Russians have grudgingly given ground even in the case of rights specified in the 1924 Agreements but withheld by the Russian management. There is no doubt that the Russians used the railway institutions for furthering Soviet propaganda and subversive political activities in C hina. Both sides were guilty of corrupt and illegal practices. For an enumeration of the charges commonly made against the Russians, see the latter part of Appendix "A".

As adviser to the Young Marshal, Mr. Donald, in January, 1929, secured from Mr. Ostroumoff, then not connected with the Manchurian Government, a long memorandum showing the general administrative and financial situation of the Chinese Eastern. It enumerated many existing evils, gathered from the published statements of the Railway and from the personal knowledge of Mr. Ostroumoff.

With this statement of affairs as an argument, Mr. Donald went to Chang Hsueh-liang and urged him to adopt a strong attitude by the government in order to re-establish the efficiency of the railroad, recover the rights provided by the 1924 Agreements and to stop Soviet political activities in the railway. It is not clear whether at this time Mr. Donald advised ultimate recovery of the railway or a rigid adherence to the 1924 Agreements. In any event he advised pursuing a series of steps, involving the assumption of responsibilities as well as rights, such as would not incur objections from the powers other than Russia. A committee of investigation was suggested to disclose the existing evils as well as to fix the exact responsibility to the "foreign stock-holders, bond-holders and creditors".

The advice appealed to the Young Marshal but no committee was appointed and no constructive steps were taken. There were two parties in the Mukden Government, those urging arbitrary seizure and those cautioning deliberate, legal procedure. Some of the Chinese railway officials were personally benefitting by playing the Soviet game. As usual in China, intrigues among Chinese themselves prevented needed action. Chang Hsueh-liang himself told Mr. Donald something to this effect: "We cannot proceed too rapidly because some of our own members of the Board of Directors are involved in malpractices". Mr. Ostroumoff states that surely Lu Yung-huan, President of the Board, was subverted by the Russian authorities.

In February, according to Mr. Donald, he arranged to have Mr. Ostroumoff appointed an adviser to the Board of Railways. The Soviet Consul General in Harbin complained about this appointment of an "Infamous White Guardsman". The Young Marshal told the Soviet Consul General baldly to mind his own business. Mr. Ostroumoff was not long in getting to work. He found that the Board of Railways of the Three Eastern Provinces had no control over the Chinese Eastern since the President of the latter reported directly to the Political Committee. This meant that Mukden had no administrative check over the President. Mr. Ostroumoff, whose interest is centered in the Chinese Eastern, and whose intimate knowledge of the railway affairs made him aware of the existing evils, began to insist upon placing the Chinese interests of the railway subject to the audit of the Board of Railways.

The Director of the Board is General Kao Chi-yi, who is perhaps in the strongest position with the Young Marshal since, as is not generally known, it was General Kao who personally shot Yang Yu-t'ing and Chang Yin-huai in January. By April, the Board of Railways succeeded in obtaining Chang Hsueh-liang's authority to instruct President Lu Yung-huan to submit financial data, budget material, etc., to the Board. He complied by submitting only unimportant data. Meanwhile, Ostroumoff urged General Kao

to insist on bringing the Chinese Eastern administration under the purvey of the Board, and to spur the Government to demand a strict observance of Chinese rights provided in the 1924 Agreements. Ostroumoff had especially in mind the following three points: cessation of Soviet political activity and propaganda; parity of Chinese and Russian personnel in the finance, commercial and personnel departments; and curbing the powers of the Soviet general manager. President Lu at this time belittled the friction and difficulties with the Russians. Mr. Ostroumoff said even as late as May, 1929, President Lu was still working in the interest of the Soviet authorities.

Here was a typical case of ineffective authority even within the autonomous government of the Three Eastern Provinces. Nanking thus far seems to have played no role whatsoever in this important international situation. It was also a typical case of bad organization where even the fiscal affairs of one railway was excluded from the checks of the Board of Railways, and, finally, a typical case of high officials playing the game of a foreign government for personal advantage.

Mr. Donald and Mr. Ostroumoff continued insisting upon a committee of investigation in order to prepare a case justifying the Chinese forward action before foreign powers. President Lu, showing signs of fearing an investigation, went to Mukden at the end of May and is said to have spoken rather boldly to Chang Hsueh-liang. Lu is reported to have told the Marshal that if he were not permitted to manage the affairs as he saw fit, he would resign at once. His bluster seems to have worked and he returned to Harbin. My informants believed that he was prepared to go to any length to prevent an investigation.

The Soviet Consulate General in Harbin was raided on May 27th and the Chinese claim to have obtained sufficient evidence of subversive political activities on the part of high Soviet railway officials. On June 4, General Kao Chi-yi, Director of the Board of Railways, went to

Nanking to discuss railway matters with the Central Government. This is the first instance I have heard mentioned where Nanking enters the Chinese Eastern Railway affair. For General Kao's use in "sounding out" the Central Government, Mr. Donald prepared three interesting memoranda for his reference (see Appendices A, B and C). Since the Mukden authorities had formally conceded to Nanking its foreign relations, it may be assumed that General Kao had important negotiations to transact.

Draft No. 1 (Appendix A) calls attention to resolutions of the Washington Conference referring to the Chinese Eastern Railway; pertinent articles of the Peking and Mukden Agreements of 1924; shows where Russia has prevented China from carrying out Washington Conference Resolutions 12 and 13; states specific instances where Russia has violated articles of the Peking and Mukden Agreements; gives a summary of the present conditions of the railway; states how Russia has made a political instrument of the railway; and suggests a method of procedure for the assumption of complete control of the railway by China as trustee under certain conditions.

Draft No. 2 (Appendix B) omits any mention of Resolution 13 of the Washington Conference but, employing the same arguments as Draft No. 1, suggests a method of procedure for the assumption of control as a trustee, omitting any reference of responsibility to stock-holders, bond-holders and creditors.

Appendix C is explanatory of the plans suggested in Drafts 1 and 2.

(In all of Mr. Donald's memoranda he erroneously refers to Resolution 12 as 11, and Resolution 13 as 12.)

Mr. Donald in conversation tells me he has been insistent upon a committee of investigation prior to any drastic action to establish the facts of Russia's guilt as well as the exact claims for which China renders herself responsible prior to assumption of control. In his documents, however, I see no mention of a committee to fix Russia's guilt; he apparently

is content to accept the facts mentioned in Appendix A. These facts are abstracted from a more voluminous memorandum, mentioned previously, which was prepared by Mr. Ostroumoff in January, 1929. It is interesting that Mr. Donald never seems to have advised the policy of taking drastic action merely for the purpose of forcing Russia to adhere rigidly to the Agreements of 1924, which is at present being stated by all Chinese officials to be China's only objective.

On June 10, the crisis arose in Manchuria by the seizure of the railway telegraph system and demands upon the Soviet general manager to dismiss certain important Soviet officials. Emshanoff refused to execute the orders which technically could be issued only by the Board of Directors. The next day there followed a series of rapid and comprehensive events. If President Lu and the civil administrator, Chang Ching-wei, did not have instructions from higher authority they certainly showed the most extraordinary boldness and decision. The plan may have been conceived locally but it was not conceived at the moment. The President dismissed the general manager and took charge of the railway. He illegally appointed a Chinese general manager, dismissed many Russian officials and employees and started their deportation. All the Soviet commercial enterprises were closed. Responsible Chinese officials in Mukden and elsewhere are disseminating the impression that the Harbin officials acted without authority or prematurely took these drastic measures.

Chang Hsueh-liang was absent in Peking and, according to Lo Wen-kan and other Chinese, was genuinely surprised. He telegraphed for Lo Wen-kan to come from Mukden to Tientsin and asked what the affair in Harbin was all about. Lo said he knew nothing of why it was done. He asked the Marshal if he was not familiar with the scheme for the proper method of procedure. The Marshal replied, "Yes, but I didn't read it carefully." He seemed to have had no understanding or appreciation

at that time of the seriousness of the situation. Lo did not explain what he meant by the "scheme" which seems previously to have been agreed upon.

Chang H sueh-liang is an old man at thirty years; a confirmed drug fiend. He is not capable of thinking except at intervals between injections. All those about him who are dependent upon his whims for their livelihood weakly defend him and his state of health, but the truth is that the Three Eastern Provinces are nominally ruled by a mental and physical delinquent. One can sense the absence of a head in Manchuria. Like so many parts of China the country runs itself. If the Harbin action was dictated by any higher authority it was grossly, stupidly handled. If it was not dictated by higher authority the absence of control in such important areas is a menace to world peace. The rectification of this mis-handled affair at the moment seems amply provided for in Chinese eyes by naming a scapegoat, one victim, and denouncing him roundly.

3. Remarks of Lo Wen-kan.

Dr. Lo stated that despite the financial irregularities of Chinese officials in the Chinese Eastern these officials ultimately had in mind the interest of China. This statement came in a discussion of his favorite thesis, namely, that whatever practices the Chinese may resort to in their internal affairs, they are as one against the outside world. He then attributed the faulty procedure of President Lu Yung-huan and others, which precipitated the crisis, to ignorance. He spoke in a manner which seemed convincing when he said that the responsible officials, and I feel sure he meant to include the highest Mukden authorities, had no conception of the seriousness and far reaching effects of the problems which they were handling. In a word, Dr. Lo condemned his own Manchurian authorities with incompetence to handle their responsibilities. Even so, I do not doubt that Dr. Lo, like all Chinese, would expect friendly nations to offer every assistance to perpetuate this incompetence.

Lo Wen-kan positively asserts that the final steps in Harbin were not in accordance with the plan of the Mukden Government and that C hang Hsueh-liang in Peking was unaware that they were being taken. I asked him if possibly Chang Tso-hsiang, who was in control in Mukden, may have ordered them. He replied that he did not know but thought not.

He spoke with great enthusiasm about the cleverness and strength, but not integrity, of Chiang Kai-shek, whom he has recently seen for the first time. He said, "He's a second Yuan Shih-kai". I led up to the inquiry as to whether or not Chiang Kai-shek had anything to do with the Harbin affair. He answered unhesitatingly, "Nothing whatsoever, but he is already using it to strengthen his own position".

I must admit that I believed Lo Wen-kan's story while in Mukden, but find it difficult to substantiate in view of all other facts. All the more am I confused by his convincing statement that, while Nanking enjoys the privilege of pulling Manchuria's nuts out of the fire, "Nanking has no authority whatsoever in the Three Eastern Provinces".

4. <u>Russian Efforts to Forestall Crisis.</u>

As indicated previously, this is a one-sided account. It is unfortunate that so little is known about the Russian point of view. Whereas I doubt if the Russian argument would alter opinion as to the well known facts of her political activities in China, it might easily match all charges of inefficiency and corruption with similar truthful charges against Chinese officials. In the ultimatum of July 13, 1929, Karakhan refers to proposals transmitted by the Consul General on February 2, at Mukden, for negotiations with the Mukden Government in order to settle the existing conflicts and misunderstandings regarding the railway. Mr. Melnikoff, Consul General from Harbin, tried to carry on negotiations in Mukden toward the end of March, 1929, and again in early April. Whether these attempts at negotiations on Russia's part were serious, or whether they were putting forward fantastic demands is not known. It is known

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that Mr. Melnikoff was snubbed by Chang Hsueh-liang and treated with rather caustic contempt. It must be said that Russia sought to forestall the present crisis by negotiations while the Chinese side appears to have refused them. This is significant as showing China's intentions.

5. Conclusions.

From my investigations, I cannot avoid the conclusion, despite present official announcements, that the Chinese objective in their abrupt actions of July 10 and 11, was the complete recovery of the Chinese Eastern Railway and that only an unfavorable expression of world opinion and a menacing Soviet attitude forced an official renunciation of this objective and its replacement by demands for strict adherence to the Agreements of 1924. Official statements from Nanking have defended the final action taken at Harbin but, in order to retain a loop-hole, officials personally are encouraging the dissemination of the idea that the action was hasty, unforeseen and unauthorized. They suggest the mild propitiation of a scapegoat in the person of the President of the Board of Directors upon whom they show willingness to heap the load of responsibility for the affair.

While conceding that the officials concerned with handling the Chinese side of the Chinese Eastern are incompetent to deal with the important questions involved and to appreciate their international significance, it is inconceivable that the drastic steps at Harbin were taken by any C hinese official upon his own initiative. For some time Manchurian officials generally have favored seizure of the railway, the difference in opinion being only as to the method of procedure. Foreign advisers, it has been seen, advocated seizure. Russia's various attempts this year to negotiate over the outstanding difficulties were met with rebuff. Nanking was made current with Chinese Eastern matters at least as early as June through the medium of Kao Chi-yi, and this important

official was still in Nanking at the time of the coup. A significant meeting was held in Peking on the afternoon of July 10, by Chiang Kai-shek, Chang Hsueh-liang and C. T. Wang, immediately after which these leaders hastily dispersed, and the action in Harbin reached its climax the next day. The dilatory absence of Chang Hsueh-liang and C. T. Wang from their posts following the crisis is explicable only as an attempt to establish an alibi for some specific purpose. The official declaration of the Mukden Government of July 22, 1929, was submitted to Nanking for approval prior to its release. The first official statements contained no censure of the Harbin officials.

The foregoing facts create a strong suspicion that Nanking and Mukden were working in agreement, were aware of what was to take place in Harbin, and if the highest authorities did not order the Harbin action, they took no measures to forestall or check its execution.

Messrs. Donald, Ostroumoff and Lo Wen-kan, in so far as they exert influence in Mukden, have been directing their efforts toward urging China to recover full rights in the railway by steps which can be legally defended before world opinion. It is probable that the final, abrupt action was taken without the knowledge of the two foreigners, but it is difficult to believe that it was taken without the knowledge of higher authorities, including Nanking. Whereas I feel certain Mr. Donald advised against the methods employed, he tends to propagate the Mukden version that the Harbin authorities acted on their own initiative.

This crisis which has threatened to menace peace in the Far East was rendered inevitable by the insistence of Russia upon hitching a scheme for the propagation of her political ideas onto a joint commercial enterprise which had become the expression of Russia's neo-imperialism; and China's determination, with her blundering or devious governmental mechanism, to gain complete control of a joint enterprise with scant

regard for agreements,- international practices and the responsibilities involved.

Strangely, in this discussion of a vital issue in Manchuria, Japan has not once been mentioned——nor does she warrant her usual unpleasant inclusion except very indirectly.

John Magruder
Major, General Staff
Military Attache

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
SEP 3 1929
2657-J-38
WAR DEPARTMENT

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APPENDIX "A"

Draft No. 1.

WHEREAS, by virtue of Article V. of a "Treaty Between All Nine Powers Relating to Principles and Policies to be Followed in Matters Concerning China," done at the City of Washington, United States of America, the Sixth Day of February, One Thousand Nine Hundred and Twenty-two (and signed and sealed by the accredited representatives of the United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal), CHINA AGREED that "throughout the whole of the railways in China she will not exercise or permit unfair discrimination of any kind," and

WHEREAS, by virtue of Resolution No. 11, "Regarding the Chinese Eastern Railway, approved by all the Powers including China," adopted at the Conference at Washington at which was signed the above quoted Treaty, it was "RESOLVED that the preservation of the Chinese Eastern Railway for those in interest requires....a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property," and

WHEREAS, by virtue of Resolution No. 12, "Regarding the Chinese Eastern Railway, approved by all the Powers other than China," adopted at the above-mentioned Conference at Washington, "The Powers.... reserve the right to insist hereafter upon the responsibility of China for performance or non-performance of the obligations towards the foreign stock-holders, bond-holders and creditors of the Chinese Eastern Railway Co., which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad," and

(Note: Mr. Donald has erroneously mentioned Resolutions 11 and 12. Their correct numbers are 12 and 13. JM)

WHEREAS, by virtue of an "Agreement on General Principles for the Settlement of the Question Between the Union of the Soviet Socialist Republics and the Republic of China," done at the City of Peking on the Thirty-first day of May, One Thousand Nine Hundred and Twenty-four, and signed and sealed by Lev Mikhailovitch Karakhan, the accredited representative of the Government of the Union of Soviet Socialist Republics, and by Vi Kyuin Wellington Koo, the accredited representative of the President of the Republic of China, it was agreed (among other things) that (Article VI.) "The Governments of the two Contracting Parties mutually pledge themselves not to permit within their respective territories the existence and/or activities of any organization or groups whose aim is to struggle by acts of violence against the Governments of either Contracting Party. The Governments of the two countries further pledge themselves not to engage in propaganda directed against the political and social systems of either Contracting Party," and that (Article IX. Section 1) "The Governments of the two Contracting Parties declare that the Chinese Eastern Railway is a purely commercial enterprise," and that (Article IX, Section 4) "The Government of the Union of Soviet Socialist Republics agrees to be responsible for the entire claims of the share-holders, bond-holders and creditors of the Chinese Eastern Railway incurred prior to the Revolution of March 9, 1917," and

WHEREAS, by virtue of an Agreement between the Union of the Soviet Socialist Republics and the Provincial Government of the Three Eastern Provinces, done at the city of Mukden on the Twentieth Day of September, One Thousand Nine Hundred and Twenty-four, and signed and sealed by Kuznetzov, accredited representative of the Government of the Union of Soviet Socialist Republics, and Chen Chien, Lu Yung-kuen, and Chung Sze-ming, accredited representatives of the Provincial Government of the Three Eastern Provinces, it was agreed that (Article 1, Section 1) "The Governments of the Two Contracting Parties declare that the Chinese Eastern Railway is a purely commercial railway;" and that (Article 1, Section 8) "The Railway Administration shall have one General Manager to be a Soviet citizen and two assistant managers, one to be Chinese and one a Soviet citizen. These shall be appointed by the Board of Directors and ratified by the two Governments. Their duties and powers shall be specified by the Board of Directors," and that (Article I. Section 9); "The chiefs and assistants of the various departments of the Administration shall be appointed by the Board of Directors. When the chief of the department is a Chinese, the assistant must be a Soviet citizen, and vice versa;" and that (Article I. Section 10), "The members of the various departments of the Administra tion shall be engaged in accordance with the principle of equal numbers between Chinese and Soviet citizens; and that (Article I. Section 11) "Excepting questions regarding budgets and expenditures to be settled in accordance with the provisions in Article I, Section 12, all other matters shall be decided by the Board of Directors. In case it is impossible to reach a decision on any matter, the Governments of the Two Contracting Parties shall be notified to decide the matter by peaceful and fair measures;" and that (Article I. Section 12) "The budget and expenditures of the railway shall be submitted by the Board of Directors before the joint meeting of the Board of Directors and Revision Committee;" and that (Article I. Section 13) "The net profits of the railway shall be held by the Board of Directors. Before the question of distribution has been decided by a committee jointly organized by the Two Contracting Parties the net profits are not to be touched;" and that (Article I, Section 14) "The Board of Directors must revise, in accordance with the provisions of this agreement as soon as possible, and not later than four months from the date of establishment of the Board of Directors, the regulations of the Chinese Eastern Railway Company as ratified by the former Russian Government on December 4, 1892. Before their revision they shall remain effective in so far as they do not conflict and/or interfere with the rights and interests of China,"

AND WHEREAS, on October 3, 1924, the Government of the Soviet Socialist Republics assumed control of Russian interests in the Chinese Eastern Railway, and by its subsequent actions and conduct

(a) prevented the Chinese Government from carrying out its obligations to avoid unfair discrimination as set forth in Article V. of the Washington Conference Treaty quoted above; and

(b) prevented the Chinese Government from carrying out the obligations undertaken in accordance with Resolution No. 11 (quoted above) to introduce measures to secure economy and avoid waste of property; and

(c) rendered it impossible for the Chinese Government to exercise the responsibilities imposed upon it by the Powers in accordance with Resolution No. 12 (quoted above); and

(d) rendered it impossible for the Chinese Government to exercise its powers over the possession and administration of the railroad as recognized and required by the Powers in Resolution No. 12 (quoted above), and

WHEREAS, the Government of the Union of Soviet Socialist Republic has flouted the sovereignty of China and deliberately violated and ignored Article VI. of the Agreement made at Peking with the Republic of China, and Article V. of the Agreement made at Mukden with the Provincial Government of the Three Eastern Provinces (both quoted above) wherein it pledged itself not to engage in propaganda directed against the political and social systems of China, and

WHEREAS, the Government of the Soviet Socialist Republics has deliberately violated Article IX. Section 1, of the Agreement made with the Republic of China, and Article I, Section 1, of the Agreement made with the Provincial Government of the Three Eastern Provinces (both quoted above) by transforming a declared "purely commercial enterprise" into a political instrument for the furtherance of propaganda directed against the political and social systems of China, and

WHEREAS, the Government of the Union of Soviet Socialist Republics has contrived to defeat Sections 8, 9, 10, 11, 12, 13 and 14 of Article I. (quoted above) of the Agreement made with the Provincial Government of the Three Eastern Provinces,

NOW THEREFORE, the Government of the Republic of China and the Provincial Government of the Three Eastern Provinces solemnly declare that they hereby assume complete control, as Trustees, of the administration and operation of the Chinese Eastern Railway and its branches and enterprises, and accept full responsibility for all obligations towards the foreign stock-holders, bond-holders and creditors of the C hinese Eastern Railway Company in accordance with the obligations imposed by the Washington Conference under which the Powers "reserve the right to insist hereafter upon the responsibility of China for performance or non-performance" of such obligations, and which the Powers "deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad;" and, further, to perform the duties as Trustees requisite to "prevent unfair discrimination of any kind" and secure "efficiency of service and more economical use of funds to prevent waste of the properties," and to operate the enterprise "as a purely commercial railway," in which respect their efforts have hitherto been frustrated by the insincerity of and maladministration by the nominees of the Union of Soviet Socialist Republics, as evidenced by the following:

SUMMARY OF PRESENT CONDITION OF RAILWAY

The position of the Chinese Eastern Railway, as a result of being under the domination of the representatives of the Government of the Union of Soviet Socialist Republics, has become increasingly worse since October 3, 1924, when the Soviet Government took over Russian interests. At that time it was 100 per cent. efficient; and, as later declared by the Soviet in the press, all debts were paid up to January 1, 1925.

The "Statistical Summary" issued by the Railway, discloses deterioration of efficiency, a condition undoubtedly produced by the inexperience of Russians in responsible positions and the introduction of political activities.

Though transport of freight increased the net profits decreased.

Maladministration has been responsible for the decrease of productive labor, the increase of personnel and the consequent expansion of the outlay on wages.

The number of Soviet agents was deliberately increased to augment the influence of the Soviets on the railway and in the country.

In 1924 there were 16,657 employees on the railway, but during the first seven months of 1928 there were, according to railway publications, 30,185 employees.

Bad management has been responsible for the ordering of locomotives, cars, etc., on an uneconomical basis, and the failure to have work executed at the cheapest price. The construction of many buildings was given to favored persons at prices higher than the estimates and the work has been badly done.

The number of locomotives out of repair increased from 16.35 per cent. in 1924, to 21.19 per cent. in 1927. The cost of car repairs increased 50 per cent. between 1924 and 1927. The expenses of the Traction Service increased from Gold Roubles 7,033,201 in 1924, to G. Rs 10,546,548 in 1927, according to the "Statistical Summary" for 1928.

The expenses increased from G. Rs. 26,000,000, in 1924, to G. Rs. 50,594,000 in 1927, and, for the first seven months of 1927, to G. Rs. 58,000,000.

Unreproductive Expenditure, in addition to maladministration and bad management, has been responsible for serious depletion of revenues. Quite unnecessary buildings have been erected; clubs at various towns have been extravagantly ornamented at high cost, as well as dwellings and quarters of employees; over G. Rs. 500,000 were sepnt in 1927-1928 on the Railway Club at Harbin; many agents are provided with automobiles for their own use; up to $150,000 were spent for a trip abroad for the Manager, Mr. Emshanoff.

The result is, that instead of the railway showing a net profit of G. Rs. 25,000,000 to 30,000,000 owing to increased freight, the 1928 returns show a net profit of only G. Rs. 4,722,641, whereas in 1926 it was G. Rs. 11,267,000 and in 1927, G. Rs. 9,783,000.

Depletion of finances produced the anomalous situation of the railway being compelled to contract a short-term loan of $3,000,000 just before the export season in 1928 in order to pay the salaries of the employees. Up to March 3, 1928, when the accounts were closed this debt had not been repaid. Neither had the railway any free sums in cash. In addition, Yen 1,270,000, stated to be deposited in the Jewish Commercial Bank at Harbin, is alleged to have disappeared. Thus the railway at present has no money as a result of operations during four favorable years, whereas it should have earned a surplus of about $20,000,000. Instead it has a debt of $3,000,000.

THE RAILWAY AS A SOVIET POLITICAL INSTRUMENT

In addition to the increase of staff by many Soviet citizens, the finances of the railway are used to pay numerous people in the service of the Soviet Consulates in the Three Eastern Provinces, and to pay still more connected with the labor organizations which work contrary to the interests of the Chinese Eastern Railway.

The Soviet Manager of the railway opened in each large Chinese town commercial agencies staffed by special Soviet agents from Russia specializing in espionage and propaganda.

The nomination and dismissal of staff members and employees of the railway, which, under the previous regime and according to the regulations, was done by the heads of the various departments of the railway, is exclusively in the hands of labor organizations and agents of the G.P.U. (Soviet secret police), the representative of which manages the General Department of the Railway. Chiefs of departments have no authority over, and cannot discipline, any of the staff.

On various pretexts several hundred Russian employees who had become naturalized Chinese citizens have been dismissed during recent months, some of them being the most experienced of the railway staff.

Through the special postal system of the railway and by special couriers travelling on the railway, propaganda is circulated. Continuous conferences are alleged to be held in various countries to which delegates of the railway are despatched at the cost of the railway, the delegates being important Soviet representatives.

The raid upon the Soviet Consulate at Harbin on May 27th last revealed the presence of various members of the railway staff.

Documents seized disclosed active collusion between the Third Internationale and the Soviet chiefs of the railway telegraph and telephone systems, etc.

The railway is used as an open avenue for the dissemination of Bolshevic propaganda and the transportation of agents, the Soviet management of the railway employing various means to facilitate the work of the Third Internationale.

The General Manager employs the railway to further the political policy of the Soviet Government against other countries as evidenced by the refusal to accept tenders from British manufacturers, this being in pursuance of the Soviet campaign to discriminate in favor of partisan countries, and developing a situation contrary to Article V. of the Washington Treaty.

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OFFICE CHIEF OF STAFF
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SEP 26 57-J-3852
WAR DEPARTMENT

APPENDIX "B".

Draft. No. 2.

Since Draft No. 2 is practically identical with Draft No. 1, with the following exceptions, it is not actually appended:

No mention is made of Resolution 13 (Article V) of the Washington Conference.

In suggesting the method of procedure for assuming control as trustee, no reference is made to responsibility to stock-holders, bond-holders and creditors.

OFFICE CHIEF OF STAFF
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SEP 3
1929
WAR DEPARTMENT

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APPENDIX "C"

Explanations of Drafts 1 and 2.

DRAFT NO. 1 respecting the assumption of control of the Chinese Eastern Railway, is based on China accepting full responsibility towards foreign stock-holders, bond-holders, creditors, etc., and therefore includes the terms of Resolution No. 12 adopted by the Powers (without China) at the Washington Conference, February 6, 1922.

It also includes Section 4, Article IX, of the Agreement made between China and Soviet Russia at Peking on May 31, 1924, under which the Soviet Government "agrees to be responsible for the entire claims of the share-holders, bond-holders, and creditors incurred prior to the Revolution of March 9, 1917".

The terms of Resolution 12 of the Washington Conference are included because that resolution was adopted by America, Belgium, Britain, France, Italy, Japan, The Netherlands and Portugal, specifically for use in case China seized the railway with the idea of confiscating it.

Therefore, if China desires, as a first step, to take control of the railway as a Trustee with the idea of being responsible for any claims upon the railway she can forestall any opposition on the part of the Powers by using Resolution 12 as suggested. At the same time she can consider the possibility of holding the Soviet responsible for all claims prior to March 9, 1917, in accordance with the section quoted above from the Peking Agreement. Eventually she can determine whether she will confiscate Soviet interests, and be responsible for any other foreign claims.

In order to be scrupulously just in this matter China will closely examine all records, and should announce the appointment of a committee of experts to find out just what claims exist and who are the claimants. This examination will probably reveal other points which might be taken advantage of to support China's action, and no doubt the French interests can supply important facts to act upon. When China has the evidence in hand she can easily decide what steps she shall take to prevent any joint opposition by the Powers in case she wishes to oust Soviet interests entirely.

DRAFT NO. 2 leaves out all mention of Resolution 12, though it states that China is assuming control as a Trustee. The trusteeship is suggested to forestall joint opposition by 8 Powers. Any opposition by the Powers is likely to be initiated by Japan, who is certain to invoke Resolution 12 to compel the Powers to support her in preventing China from confiscating the railway.

If China decides to make a declaration something on the lines of Draft 2, a clause can be added stating that a complete examination of claims will be undertaken by experts.

If China does not wish to commit herself to responsibility as a Trustee it is certain that strong opposition will come from Japan, and also from the Soviet, as well as the Powers subscribing to Resolution 12, and China must be prepared to face armed intervention both by Japan and the Soviet. Japan would use any act of confiscation as an excuse to tighten her hold on Manchuria and also gain a footing in the Chinese Eastern Railway—if the Soviet has not already made some arrangements with her in anticipation of an attempt at confiscation.

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
SEP 16 1929
2657-D-3820
2998
WAR DEPARTMENT

G-2 Report

CHINA (Population & Social Conditions)

Subject: Pro and Anti-Russian Agitation in Shanghai.

RECEIVED G/2 W. D. SEP 13 1929

It was some little time after the episode of the night of July 9-10 on the C.E.R. before the Chinese had adopted any uniform program, and before the story to be told the world was formulated. When the program had been adopted the agitators began their vociferous work.

There follows an account of some of the phases of this agitation in the city of Shanghai. Propaganda is now an important phase of rule in China.

The pro-Russians got in the first blow, and on July 14th held a meeting of some 200, and distributed posters declaring:

1. Overthrow the authority of the Imperialists!
2. Confiscate all the enterprises and banks financed by foreign capitalists!
3. Unify China and recognize the self-determination of the (Chinese) race!
4. Overthrow the Militarist Government of the Kuomintang!
5. Establish a Soviet Government of Labourers, Peasants and Soldiers!
6. E nforce the 8-hour system, demand an increase of wages, give relief to the unemployed and start the social insurance system!
7. Confiscate all land belonging to landlords - arable land to go to the peasants!
8. Improve the livelihood of soldiers and allot them land too!
9. Abolish all government and local oppressive taxes and adopt the progressive tax system!
10. Let us ally ourselves with the World's Proletariat and Soviet Russia.'

On July 16 the following slogans were chalked on the walls near Soochow Creek:

1. "August 1" is coming; be ready to commemorate it!
2. Down with Imperialism!
3. Down with the Kuomintang!
4. Long live the Communist Youth Group!

On July 17, the Executive Committee of the Shanghai Kuomintang passed the following resolutions (a week had passed since July 10):

1. That the National Government be requested to take steps to secure the absolute control of the Chinese Eastern Railway.
2. That the National Government be requested to protest against the arrest of a number of Chinese residents in Russia and to demand their release and apology of the Soviet Government towards China.
3. That the National Government be required to take precautions against communistic activities and Japanese intervention in Manchuria.

From M/A, China Report No. 7573 August 8, 1929

CHINA (Population & Social Conditions)

Subject: Pro and Anti-Russian Agitation in Shanghai.

4. That Chinese defence forces on the borders of Manchuria be strengthened as a support to the diplomatic negotiations with Russia.

And on that date, chalked on the electric light poles of Kinnear and Edinburgh Roads were the following slogans:

1. Overthrow the Imperialists!
2. Overthrow Chiang Kai-shek!
3. Overthrow the Kuomintang!
4. Support the Communist Party!
5. Long live the C ommunist Party!
6. Enforce the 8-hour system!
7. Persuade the workers to join the Communist Party!

On July 19th the Reorganization Committee of the Student Bodies of Shanghai resolved as follows:

1. That a manifesto be issued announcing the taking over of absolute control by China of the Chinese Eastern Railway.
2. That the National Government be urged to take over control of the railway.
3. That people in various walks of life be urged to give support to the National Government in its diplomacy in connection with the Chinese Eastern Railway.

On the walls of Dixwell Road on July 23rd, were found the following exhortations:

Overthrow the Kuomintang!
Labourers rise up!
Oppose the next world war!
Overthrow Modern Imperialism!

The members of the Propaganda Department of the First District Kuomintang met on July 22nd and passed the following resolutions:

1. That 5 lecturing groups of 5 persons each be organized for the purpose of conducting a campaign against Soviet Russia.
2. That the sub-sections be instructed to organize lecturing groups in their respective areas.
3. That Anti-Soviet propaganda be carried out between 6 and 10 p.m. July 24th in various cinemas, tea shops and streets.
4. That flags and handbills be prepared.
5. That 3 representatives be sent to deliver speeches at the Anti-Soviet meeting to be held at 7 p.m. July 24th in the building of the Young Men's Lecturing Group Society, Chung Hwa Road.

The local Street Unions held a meeting on July 24th and resolved:

CHINA (Population & Social Conditions)

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1. That the N ational Goyernment be urged to adopt punitive measures against Soviet Russia.
2. That the Japanese Government be requested to observe strict neutrality in the present Sino-Russian dispute.
3. That the National Government be urged to prohibit the export of rice to Japan.

In furtherance of the Anti-Soviet Campaign the Shanghai Kuomintang held a meeting also on July 24th, where the following slogans were shouted:

Down with the Communist Party!
Down with the Red Imperialists!
Down with Soviet Russia!
Long live the Chinese Revolution!

Handbills were found on the same day, in translation as follows:

"At 7 p.m. July 26 let us stage a demonstration outside the Consulates of the Imperialists in order to manifest our opposition against the imperialistic aggression on Soviet Russia."

On July 26th the Shanghai police found many handbills reading:

"On August 1, we shall not only rise and stage a demonstration against the Imperialists, but also stage a demonstration against the Kuomintang - the tools of the Imperialists!
"On August 1 let all students, labourers, and proletariat in Shanghai go to Nanking Road and stage a demonstration."

On the morning of July 28th a cartoon was found posted on Bubbling Well Temple depicting a Japanese woman riding on a Kuomintang militarist and several Chinese soldiers, all marching towards the C.E.R. On the cartoon was written, "My boy, have courage to proceed with your Chinese railway case. I am back of you".

On the morning of July 28th headlines were found reading:

1. Let us prepare to start an armed uprising on August 1!
2. Restore the International Settlement!
3. Restore the friendship between China and Soviet Russia!
4. Support Soviet Russia.

On July 29th some 10,000 persons, members of the Kuomintang, students, laborers (about 10% of the crowd was feminine) held a meeting at the Public Recreation Ground, and after many speeches, passed the following resolutions:

1. That a manifesto giving reasons for the restoration of the Chinese Eastern Railway be circulated.
2. That the National Government be requested to issue an order inflicting death punishment on any communists arrested.

CHINA (Population & Social Conditions)

Subject: P ro and Anti-Russian Agitation in Shanghai.

3. That the National Government be requested to hold fast to the Chinese Eastern Railway.
4. That a circular telegram be despatched throughout the country urging unanimous support of the Government's foreign policy.
5. That a circular telegram be despatched throughout the country urging the extermination of the communists.
6. That a warning be given to Japanese authorities that no Japanese troops be despatched to Manchuria.
7. That the National Government be requested to restore all foreign Settlements.
8. That the National Government be requested to strengthen garrison troops on the frontier and to order a general mobilization.
9. That the National Government be requested to organize a support Committee against Soviet diplomacy and to recruit reserves.
10. That all workers each contribute one day's wages for the war fund.

The meeting terminated at 10:15 a.m. when the following slogans were shouted:

1. For strengthening our national defence, we must restore the Chinese Eastern Railway.
2. For restoring our sovereign rights, we must restore the Chinese Eastern Railway.
3. For the prevention of Bolshevik propaganda, we must restore the Chinese Eastern Railway.
4. To resist invasion, we must restore the Chinese Eastern Railway.
5. Soviet Russia is a Devil violating the Chinese Revolution!
6. Soviet Russia is the mover of disturbances and riots in China!
7. Soviet Russia is a pioneer in breaking the peace of the World!
8. Soviet Russia is the offender violating the Chinese-Russian Pact!
9. Overthrow the atrocious Red Imperialism!
10. Support the foreign diplomacy of the National Government!
11. Eradicate the remaining communists who are the syncophants of Soviet Russia!
12. Exterminate the Reorganizing party who have allied themselves with Soviet Russia!
13. The whole body of Chinese will back up China's foreign policy!
14. Propagate the Chinese national spirit of independence!
15. Long live the Chinese Race!
16. Long live the successes of the National Revolution!

The sun of July 30th shone on the following retort, chalked on the wall of Szechuan Road:

1. Declare a general strike!
2. Stage a demonstration on August 1!
3. Overthrow the Kuomintang!
4. Labourers kill the capitalists!
5. Organize labour unions!
6. Support Soviet Russia!

For the Military Attache:

Parker G. Tenney

Parker G. Tenney
Captain, Field Artillery,
Assistant Military Attache.

OPER. & CHIEF OF STAFF
M.I. INTEL. DIV.
DEC 9 1929
WAR DEPARTMENT

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2657-J-382

PROBABLE DEVELOPMENTS IN THE SINO-RUSSIAN DISPUTE

RECEIVED G/2 W. D. DEC 7 1929

Any discussion of the probable developments in Manchuria must consist largely of conjecture. There are available few facts upon which to base reliable estimates either of Russia's or China's course of action. Observers and journalists have hesitated to stake their reputations upon a comprehensive article dealing with this perplexing question. Some liberties have been taken in the realm of conjecture regarding Russia's probable intentions. Professional penalties for considering seriously "leaks" from Moscow are not so heavy as in the case of one foolish enough to base a discussion on alleged leaks from the Japanese Foreign Office.

It may safely be assumed that neither Nanking nor Mukden has a well-defined plan of action, military or diplomatic. No one knows what Moscow ultimately intends to do, even though she has fairly consistently adhered to the demand that her position on the C.E.R. be restored to that prior to July 10. Japan will not disclose her intentions up to the moment of taking action, and it is highly problematical if she has formulated any of the intricate plans that one occasionally hears ascribed to her. In a situation so influenced by opportunism, Japan's policy must be flexible and opportunist.

In previous reports this office has covered generally the developments which have taken place since July. An attempt will be made to outline the situation as it exists today and to mention the probable lines of action of the three powers most interested, as one hears them suggested in China.

Diplomatic Relations.

From a diplomatic point of view, the relations between Russia and China have not been improved since China's drastic actions in July precipitated the dispute. In fact, these relations have incurred the additional burden of differences created by clearly established acts of war by Russia in three localities. Other similar acts by Russia have been charged by China, but concerning these there remains considerable doubt. Russia likewise charges China with acts of war, but these instances cannot be substantiated by reliable information. It may then be said no differences between the two countries have been settled, but rather that others have been created by military violence.

It was stated by the Chinese Foreign Minister at the end of October that negotiations with Russia had ceased. It is fairly conclusive that the Mukden authorities, with or without the sanction of Nanking, are striving to reopen negotiations. A strong desire exists in Manchuria to effect a new settlement. Nanking placed conditions upon the opening of formal negotiations which deny a willingness to revert to the original status prior to such negotiations. The Mukden leaders doubtless will approach the matter with the same intent but in a somewhat chastened frame of mind. Moscow has not deviated from her demand that there must be a return practically to the status quo ante July 10, as a preliminary to any formal negotiations. The details are unimportant——there has been much face-saving and quibbling——but on this broad question the impasse has rested.

From M/A, China Report No. 7613a November 4, 1929

Diplomatically then, both Nanking and Moscow assert that even preliminaries to formal negotiations have been discontinued. Fairly reliable information from Mukden indicates that the Manchurian officials, acting independently of Nanking, are optimistic that Russia will soon agree to fix a time and place where representatives may meet. The present unsettled conditions in China proper should tend to hasten Mukden's acquiescence to terms which Russia has no reason to ameliorate.

In emergencies China resorts to haphazard diplomacy. Mr. Donald, an Australian long resident in China, with the dual role of advisor to the Mukden government and partner in a rather nebulous company promoting nebulous industrial enterprises in Manchuria, assumes diplomatic functions. Through the British Minister, he attempted to get the British Government to mediate. British officialdom declining, Mr. Donald seems to have offered his services as mediator to Mr. Karakhan, who is reported to have expressed willingness to negotiate on the terms Russia has consistently demanded as a preliminary to formal negotiations.

Military Situation.

Composition of Forces - Russian. From the information available here, the following is a brief statement of the Soviet forces in the zone of operations (from Chita eastward):

		Estimated Strength
1.	At Chita -	
	21st Division (in general reserve)	
	3 air squadrons (employed at front as needed). . .	6,600
2.	Dauria Sector - (The Manchuli front)	
	Hq XVIII Army Corps - Dauria	
	35th Kamchatka Division	
	36th Division	
	5th Ind. Brigade Kuban Cossacks	
	One Mixed Cossack Cavalry Brigade	
	1st Tnk Co	
	18th Engr Bn	
	3 Armored Tns	
	2 groupments corps artillery.	15,000
3.	Along the Amur between the Dauria Sector and the Harbarovsk Sector.	
	26th Zlatousk Division, as a garrison force. . . . (May be in XVIII Corps)	5,500
4.	Harbarovsk Sector -	
	Headquarters Far East Army - Harbarovsk	
	Headquarters of "Brantia" force now being organized, consisting of bandits, irregulars, etc.	2,000
5.	Nikolsk-Ussurisk Sector (Suifenho front)	
	Hq XIX Army Corps - Nikolsk-Ussurisk	
	1st Pacific Division - Grodekovo	
	2nd Amur Division - Poltavka	
	9th Cav Brig	
	19th Engr Bn	
	2 Sq airplanes	
	2 armored tns	
	Corps Artillery	15,600
	Total estimated strength, including G.P.U. units, etc.....	44,700

It will thus be seen that there are concentrations of a corps each at the two terminals of the Chinese Eastern Railway. The larger corps (XVIII) and the general reserve of one division are facing the western terminus of the C.E.R. The long line of the Amur between is held by only one division, but distributed here are an unknown number of special G.P.U. troops, militia, irregulars, etc. It is not unknown what units are conducting the raids at the mouth of the Sungari River in conjunction with the naval forces. It is probable that some units of the XIX Corps have been returned to the Harbarovsk sector.

Chinese. The following are the Chinese forces on the various fronts, including the immediately available reserves (strengths may be as much as 30% less than shown):

Manchuli Front -
2 Heilungchiang Infantry and 2 Cavalry brigades
3 Fengtien " " 1 " "
1 regiment Fengtien artillery . . . . . Strength - 64,000

Heiho Front (Opposite Blagoveschensk)
2 Heilungchiang Cavalry brigades . . . . . " 8,000

Tungkiang Front (Mouth of Sungari River)
5 Kirin Infantry brigades
1 Heilungchiang Infantry brigade . . . . . " 55,000

Suifenho Front -
4 Kirin Infantry and 2 Cavalry brigades
2 Fengtien Infantry and 1 Cavalry brigade
1 " Cavalry Division
1 regiment Fengtien artillery . . . . . " 88,000

The distribution of Fengtien troops is indicative of what the Chinese consider the danger points, namely, the routes along the railway. The Heilungchiang troops are considered almost the equal of Fengtien troops in combat efficiency, while the Kirin units are greatly inferior to the other two.

The Chinese forces are admittedly disposed for purely passive defense.

Russia's Probable Intentions.

Little is to be gained from a study of the Soviet troop dispositions as indicating Russia's intentions. The wide dispersion of troops presents no suggestion that an immediate invasion at any point is contemplated. The most probable line of advance would be from Manchuli. Taking official statements literally, Russia does not intend to wage war but will keep her Far Eastern Army on the Manchurian frontiers, and "even reinforce it", for the purpose of protecting her territory against the incursions of Chinese troops, White Russian bands and other irregulars. She will also take measures of reprisal for acts of this nature. The official explanation for the three major raids at Suifenho, Manchuli and Lahususu, is probably that they were reprisals for alleged

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violation of Russian territory or violence to Russian citizens in China. It is suspected by many that these raids were motivated by additional objectives, such as, intimidation of the Chinese officials and the collection of food supplies. The Chinese claim they were wholly unprovoked.

Too little of the internal conditions of Russia and her political aspirations vis-a-vis the rest of the world are known here to gauge her intentions from these considerations. British official sources have stated that the general staffs of Europe agree that Russia has no intention of involving herself deeply in military ventures in Manchuria. The majority of well-informed Europeans in Peiping concur that the benefits to be derived from re-establishing her position on the C.E.R. by forceful means would not justify incurring the dangers and disadvantages of

a) the cost of the invasion and military occupation;
b) the inevitable passive resistance of the Chinese;
c) possible complications with Japan;
d) diversion of wealth from the vital economic reconstruction now in progress;
e) shifting troops to the East, thus weakening her western frontier defenses, and permitting possible internal uprisings;
f) alienating her pacifist sympathizers all over the world;
g) subjecting herself to the charge of imperialism;
h) international reaction to the almost certain brutal and unrestrained retaliation upon White Russians and Chinese in the railway zone by her invading forces.

Balanced against these disadvantages one can mention only as advantages,

a) the restoration of her national dignity or "face";
b) relatively unimportant revenues to be derived from the railway earnings;
c) the employment of some thousands of her citizens;
d) the revival of Vladivostok as a port; and,
e) most important of all, the reopening of natural sources of supply of essential foodstuffs to the large areas of Siberia bordering on Manchuria.

Since all of these advantages can probably be realized by a more patient policy of economic pressure, supplemented by military threats, upon the Chinese official and commercial interests in Manchuria, it seems very doubtful that Moscow will voluntarily incur the disadvantages of a military occupation. Her probable intentions are believed to be to continue her present war-like activities, short of invasion, in order to force a favorable settlement by agreement.

China's Probable Intentions.

From repeated Chinese official statements, and from every other consideration, any idea of China's adopting other than a purely defensive military attitude may be dismissed. Even retaliatory acts by Chinese organized forces are most unlikely. The Soviet charges of violence from White Russian bands in Chinese employ have never been convincingly proved and are generally discredited here. However, there is little doubt that bandit elements of all kinds, which abound in Manchuria, have taken advantage of the present situation to operate from Chinese territory. It

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is likewise not improbable that local Chinese officials have connived in and encouraged such activities directed against Soviet territory. In this respect it would be reasonable to assume that responsibility for the operations of irregular forces and bandits by Soviet and Chinese officials will counter-balance each other.

So it may be said that China's military intentions are passively defensive. In cases of minor raids or piece-meal invasions the Chinese troops would probably offer sporadic resistance. In the event of a determined invasion, it is in keeping with every Chinese tradition, and present indications, that only half-hearted and face-saving resistance would be offered. The Chinese would let in the flood and then, by every passive measure of which they are masters, would set to work to prevent its spread and to repair its damage. The world would be appealed to to save China's interests, and intensive passive resistance would become operative to nullify Russia's advantage.

Diplomatically, China as a whole, and Mukden in particular, intends to give ground grudgingly inch by inch, avoiding Russia's positive thrust, and ultimately to concede Russia her position as partner in the railway,but as a partner with greatly curtailed functions. Soviet officials will never again hold the powers and privileges enjoyed by their recent predecessors unless Moscow is willing to employ military arguments. When settlements are effected by talk, the Chinese always win——and no undue regard is paid to equity.

China's most probable intention may then be said to be to avoid a military decision at all cost, and to talk toward a settlement by agreement, which agreement will then be ceaselessly hewn away to China's advantage as Moscow's pressure relaxes.

Japan's Probable Intentions.

Japan's intentions in South Manchuria have been so frequently and variously discussed that no benefit can result from what, at best, would be mere repetition. Japanese official expressions of Japan's intentions of economic exploitation occupy one extreme statement of the case, and Chinese suspicions of ultimate annexation the other. Somewhere between the two would probably be found a ground which Japanese statesmen secretly explore as the hope of realization of their national policy.

The moderate official Japanese statements regarding Southern Manchuria would probably be applicable to their real intentions north of the latitude bounding her railway zone. Japanese inspired railway schemes, built and proposed, clearly show that her aspirations to benefit from the haulage and economic exploitation of natural resources are not limited by the South Manchurian Railway terminals at Changchun. There is no doubt that Japan would like to extend her controlled railway zone to the Sungari River, or better, to Harbin. More extreme observers insist that some form of transfer of the Russian interest in, or the seizure of, the south branch of the C.E.R. is ever imminent. There exists no convincing evidence that Japan at this time contemplates a policy of radically advancing her holdings in Manchuria, thus incurring the certain passive obstruction of nationalistically imbued China. With the liberal elements in Japan striving to improve relations with nationalist China, Japanese statesmen will do well to maintain their present position in Manchuria, certainly in matters involving political privileges.

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Were Russia to invade the Chinese Eastern Railway zone, which is believed to be improbable, it should not be unexpected for Japan to rush an expeditionary force from Changchun under the pretext of protecting Japanese lives and interests in Harbin. The real purpose of such an expedition would be to restrict the Russian occupation to the east and west railway zone. If the situation developed along such lines, depending upon China's internal conditions, Japan might conceivably exact benefits as middleman to secure some degree of control over the Harbin-Changchun branch.

It is the general opinion here that Russia would not attempt any forceful occupation of the railway zone without a prior understanding with Japan as to the objects, scope and permanancy of the measure. The only perceivable advantages to Japan in encouraging Russian invasion are: The continued existence of another country with rights in Chinese territory comparable to those enjoyed by Japan in the South Manchuria railways; and the maintenance of the efficiency of the C.E.R., through Russian supervision, as a dependable feeder for the South Manchuria system. From every other consideration Japan should view with suspicion any spread of Russian influence in North Manchuria. The fear of imperial Russia in these areas was traditional. Assuming Soviet Russia is less imperialistic——certainly she is temporarily less powerful, the peculiar menace of Soviet Russia's pernicious political activities compensate for the lessoned imperialistic urge of the old Russia. An innocuous partnership of Russia in the C.E.R. as a commercial undertaking is probably viewed by Japan as a salutary check on China's unsettling nationalistic manifestations. This, however, is quite a different matter from welcoming back in these critical areas a revolutionary Russia which in time will grow stronger. Viewed in this light it seems reasonable to discount the likelihood of secret agreements between Japan and Russia permitting a recrudescence of the latter's influence in North Manchuria.

It is notable that in all the developments of the railway dispute between Russia and China, Japanese officialdom has maintained a discreet silence. No deep motives can be imputed to Japan from her official acts or expressed opinion. The Japanese press likewise has been as non-committal and as non-partisan as has, perhaps, the American press.

In conclusion, Japan's probable intentions are to discourage any radical change in the status quo in Manchuria, either of Russia's or China's making. In case of any unusual developments, it is believed she will adopt an opportunist attitude in the hope of benefiting as peacemaker to the extent of further clinching her present policy, namely, availing herself of necessary raw material, developing the resources of this rich area, and reaping the rewards of land and sea transport of such resources.

John Magruder
Major, General Staff
Military Attache

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WAR DEPARTMENT

G-2 Report

4-1

CHINA (Political)

Subject: Mr. Wang's Unscrupulous Diplomacy.

RECEIVED G/2 W. D. JAN 4 1930

An enlightening controversy has arisen over a note dated Nanking, November 14, which Tass reports having been handed to the Commissioner of Foreign Affairs by the German Ambassador in Moscow on November 29. As substantiating the correctness of this date, the Transoceanic-Asiatic News Agency, Berlin, November 27, quotes the whole note with the following introduction: "The Chinese Legation at Berlin delivered through the German authorities the following note to the Soviet Government". Unfortunately the introduction does not state when it was delivered, but the presumption is that it was handed to the German authorities in Berlin about November 27.

The note in question recites at length China's careful adherence to the word and spirit of the Kellogg pact, reiterates her clean record throughout the dispute, and enumerates the Soviet's provocative and destructive acts. It ends with two alternative suggestions, in order to maintain peace, of withdrawing the respective forces thirty miles from the frontiers, or of submitting the whole case to a neutral and impartial agency for settlement.

Mr. Litvinov handed the following significant reply to the German Ambassador:

> "Moscow, Nov. 29.-- Today the German Ambassador, von Dirksen, handed to the acting People's Commissar of Foreign Affairs of the U.S.S.R., Mr. Litvinov, the Nanking Government's note of November 14th. Mr. Litvinov handed to the German Ambassador at Moscow the following reply:
>
> "We beg to acknowledge the receipt of the note of the Nanking Government of November 14th which you have handed me this morning. The Union Government has already received an official communication from Marshal Chang Hsiao-liang stating his acceptance of the preliminary conditions necessary for the speediest settlement of the conflict by direct negotiations. The Nanking Government's proposals stated in the above note which would only protract the conflict, are therefore of no avail."--Tass.

The following "Special to the Peking Leader" is a special release article inspired by Mr. C. T. Wang. It is, in fact, a telegraphic service corresponding to Kuo Min mail service.

> "Nanking, November 28. - General Chiang Tso-pin, Minister at Berlin, cabled to the foreign ministry here today that acting upon the ministry's instructions some time ago, proposals have been forwarded to the Soviet government through the German Ambassador at Moscow proposing either the:

CHINA (Political)

Subject: Mr. Wang's Unscrupulous Diplomacy.

1. Formation of a joint commission to be composed of an equal number of Chinese and Russian delegates with a national of a neutral country as chairman, to investigate conditions on the Sino-Russian border to settle responsibility or:

2. Withdrawal of troops on both sides to thirty miles from the border to await a settlement.

"The Chinese foreign ministry opines that acceptance of either measure by the Soviet government would be taken to mean that the latter has adopted a peaceful policy, while their rejection will indicate that Soviet Russia holds war-like intentions toward China.

"The Chinese Government is prepared to meet the Soviet move accordingly."

Tass, prior to the receipt of the note in Moscow on the 29th, however, promptly questioned Nanking's release as follows:

"Moscow, November 29.-- Authoritative circles categorically deny the Kuo Min communication that the Nanking government has handed through the German Embassy a note to the Soviet government about referring the Sino-Soviet conflict to a third party for settlement. The German Embassy has presented no note of the Nanking government to the Soviet government."

The following then appeared in a Kuo Wen article on the 29th:

"Commenting on the two proposals which were announced by the Waichiaopu yesterday, the foreign minister said today that they were telegraphed to General Chiang Tso-pin, the Chinese Minister in Berlin, on October 30, but it was only yesterday that he had wired back, saying that he had forwarded them to the Russian Ambassador in Berlin through the German Foreign Office. Dr. Wang further said that the government had not changed its policy toward Russia and was still desirous of reaching an amicable settlement with Moscow."

There can be little doubt that Mr. Wang, by unscrupulous and evident tricks of press releases, and dissimulation as to dates, is trying to lead an uncritical world public to believe that Nanking proposed to Moscow the two alternative ways of avoiding a clash and promoting a peaceful settlement, prior to the Soviet invasion on November 17.

The significance of Mr. Wang's efforts from an international point of view may be the creation of a diversion by Nanking in order to obstruct an agreement practically reached between Mukden and Moscow, in the hope that the delay might permit an intrusion by foreign powers into the Sino-Russian affair, thus averting penalties resulting from China's own irregular acts. Back of Nanking's manipulations are also seen a scheme of the Kuomintang to destroy the autonomy of Manchuria.

G-2 Report

CHINA (Political)

Subject: Mr. Wang's Unscrupulous Diplomacy.

If Russia can be kept performing an internal Chinese service of weakening the autonomous Manchurian militarists until Nanking becomes free to move to the "rescue" of the prostrate Three Eastern Provinces, then unity will be furthered.

The net result of Mr. Wang's deceptions, should his efforts succeed, would be continued bombing of innocent persons, and possibly further military operations in Manchuria. Fortunately for peace in the Far East, the Mukden Old Party have been brought to a frame of mind of willingness to pay the price of their own irresponsibilities committed in July.

John Magruder.
John Magruder,
Major, General Staff, pa ell.
Military Attache

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OFFICE CHIEF OF STAFF
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4-1
2657-I-382
WAR DEPARTMENT

Dairen, February 13, 1930.

The present situation in Manchuria contains a number of points which may be of interest to you, such as, for instance, the present Sino-Russian situation in North Manchuria, with special reference to the Habarovsk protocol, the proposed Moscow conference, and the relations between the Chinese and the Russians in the Chinese Eastern Railway. It is also possible at this time to make a resume of the last phases of the "war", which proved to be decisive, and regarding which there has heretofore been more or less uncertainty. The economic and political results of the conflict and the present conditions, with special reference to the Hulutao port and other projects, and the question of foreign investments in Manchuria, may also be of interest. I have just returned from a two weeks' trip to Mukden and Harbin, where I, as usual, had conversations with various Chinese and Russian officials, foreign consuls (where "foreign" is used in this report, I refer to Europeans and Americans), Japanese consuls and other officials, insurance men and businessmen, some of whom have made special investigations of the "war " area for business purposes; foreign engineers connected with the Mukden Arsenal, local newspapermen of various nationalities, and others. I was especially interested in obtaining the Chinese and the Russian points of view with regard to the diplomatic situation, etc., and my remarks with regard to such are based mainly on conversations with Mr. U. V. Rudyi, the newly appointed manager of the Chinese Eastern Railway, Mr. Simianovsky, the Soviet Commissioner for foreign affairs in the Far East, with headquarters at Habarovsk, who took the leading part in the recent negotiations, but who recently returned to Habarvesk from Harbin; Mr. B. Melnikoff, the Russian Consul-General at Harbin, who now has charge of such affairs, Mr. Tsai Yun-sheng, Chinese representative at the Habarovsk negotiations, and other Russian and Chinese officials. I also saw a number of foreigners, who, in various capacities, official and otherwise, had made the trip on the international train (which, according to their evidence, was prevented by the Chinese from going to Hailar in its first attempt).

The Western Front Campaign.

While opinions and reports in Harbin usually vary tremendously, it is interesting to note that with respect to the main features of the conflict on the western line of the C.E.R., which was most interesting as it proved to be the conclusion of the "war", the accounts given me by all reliable observers with whom I talked were practically the same, differing only with regard to the estimates as to the number of Russian and Chinese troops engaged, and similar data with regard to which it is difficult to obtain conclusive evidence, but even in this respect there was a considerable degree of agreement. As much has been published with regard to this matter, I shall only give the main points.

It is evident that in the main attack the Russians first attacked and occupied Djalainor, thereby cutting off the Chinese army at Mancheuli under the command of General Liang Chung-chia. The reports published by Chinese news agencies in Shanghai to the effect that the Russians caused the drowning of from seven to eight hundred persons by flooding the Djalainor mine shafts are absolutely untrue. The Russian manager of the mine (a White) states that when the bombardment became too hot, most of the workmen sought refuge in the mine, but emerged after the bombardment. Some of them had stood in water about three feet deep. It was possible that one or two might have been drowned, but he did not have

any definite information in this respect. I might add that the report of the massacre of the passengers and crew of a train at Zagan, by the Soviet troops, which report was circulated at the same time from the same sources, is also untrue.

The Soviet troops then attacked the Chinese forces which occupied well constructed trenches outside Manchouli. While reports differ somewhat, I feel convinced that the Chinese, under the competent and brave leadership of General Liang, put up a good fight, but were hampered by lack of fresh ammunition and supports. When the condition became hopeless, some of these troops tried to cut their way through the Russian lines in a southerly direction but were beaten back. The troops stationed in Manchouli town, however, did no fighting, but when the Russian airplanes dropped bombs they became panic-stricken, and started to loot the town. They also set fire to some shops. One American firm lost goods valued at about $100,000. (In this report, unless otherwise indicated, dollars represent Chinese currency.) Practically all the local shops were looted but the losses were less than they normally might have been, as many shopkeepers had sent away part of their stocks when the trouble began. Some foreign observers speak highly of a Chinese foreign office representative, who stuck to his work throughout the bombardment, and who eventually, when he feared that the situation might get altogether out of hand, associated himself with the Japanese consul in negotiations with the Red command, which resulted in the surrender of the town.

Some amusing incidents are related in connection with this affair. For instance, the looting Chinese troops sought mainly to obtain civilian clothing, which they donned instead of their uniforms, and many of them appeared in women's clothing, including foreign dresses and bonnets. When the Russians occupied the town they rounded up these Chinese soldiers, and took a motion picture of them. The film was first exhibited to the population of Manchouli, whereupon it was sent to Moscow. I had heard reports to the effect that some of the Russian aviators had dropped cabbages and bladders filled with soot, in order to frighten the Chinese troops, but I had not believed these reports until I heard them substantiated by well informed foreign observers. It seems that while some Chinese troops stood up well under rifle and even artillery fire, the bombing planes invariably drove them into a panic.

The Russians, when they occupied Manchouli, disarmed the Chinese troops and are reported to have treated them very well. The Russian military occupation of Manchouli was exemplary, perfect order being maintained, and the sale of liquor stopped.

Occupation of Hailar.

Everyone agreed that the Chinese troops at Manchouli and Hailar were the only ones which engaged in actual fighting with the Russians on the western front. Estimates with regard to the number of Russian troops who participated in the assaults on Djalainor and Manchouli differ widely, some claiming that as many as twelve thousand Russians were engaged, though most reports give a much smaller number. On the other hand, all reports which reached me with regard to the number of Russian troops who actually penetrated into Manchuria beyond Manchouli agree that only a relatively small number of Russians entered. Several reliable persons, who were in a position to be accurately informed, claim that the Russians at no time maintained more than three thousand men on Manchurian soil. It is plain that after the capture of Djalainor and

Manchouli, the military offensive of the Russians was conducted entirely by means of airplanes. These proceeded along the railway track as far as Hailar (and later as far as Buhetu, east of the Khingan Mountains), where they caused the Chinese troops to flee in panic. The troops at Hailar had already, when they heard of the fighting at Manchouli, refused to proceed further in a westward direction, and on November 23 and 24 they looted the town, most of their depredations being confined to the native quarter, where 167 buildings were burned, while only 9 were burned in the foreign section. An insurance man, who made an investigation of the losses, told me that he estimated the total losses by looting at $20,000,000. The troops stationed here were the 55th Regiment of the 5th Brigade of the Second Army, Mukden troops. After the troops had started looting, civilians of the lowest classes participated. The Chinese also destroyed the railway station and other railway buildings, including the railway repair shops, and at one time the Chinese commanders are said to have contemplated destroying Hailar entirely, following the classic example set by the Russians when they burned Moscow in the Napoleonic campaign. After having looted Hailar, the troops fled to points east of the Khingan Mountains, and a committee of civilians took charge of the situation until the Russian troops arrived on the morning of November 27. They occupied Hailar for about a month, but at no time they had more than three hundred men infantry there, plus twenty-three airplanes, the personnel of which, including mechanics, etc., amounted to about two hundred. The Russians also brought some Whippet tanks loaded on railway trucks, but they did not unload them. At Hailar the Russians also maintained absolute order and their discipline was highly praised by all who have visited the area. As a matter of fact, the Russians seem to have made it a point of showing exemplary conduct in contrast to that of the Chinese troops, and have succeeded in doing a piece of excellent propaganda work for themselves. Foreign consular officials and others have informed me that the Chinese population in the affected area in many cases speak of the Russian troops as "our army", while on the other hand, they have only contempt and contumely for the Chinese soldiery.

It must be noted, however, that on November 27, 28 and 29, the Russians took all the goods which had been stored in the railway godowns, with the exception of goods to which local owners could establish claims by proving the ownership by means of documents. In such cases the goods were turned over to the owners. The Russians also took telegraph instruments, railway office furnishings, including even clocks, and three hundred kilometers of unlaid new rails.

So much has been written about the depredations of the Chinese soldiery that I shall not attempt to go into details, beyond stating that the behavior of some of the troops was as bad as it possibly could be, the soldiers having looted not only the residents of the towns in which they were stationed, but they also, in many cases, stripped the refugees who had fled from frontier points, of their clothing, and took away from them the scanty belongings which they had managed to save. Absolutely reliable evidence shows that some of this looting must have been organized, as much of the loot was sent to Harbin in railway cars, the number of such cars being usually given at 108. A foreign official also told me that on at least one occasion, a cordon of troops were thrown around a town, which kept away the population, while other soldiers systematically looted the houses. A fairly detailed account of this phase of the situation has been given by the Reverend Charles A. Leonard, who headed several expeditions sent for the relief of the refugees. These

accounts were published in the Harbin Daily News and the Harbin Observer. They were reproduced in part by other publications in Shanghai, but Mr. Leonard told me that these Shanghai accounts could not be considered as accurate, as they had eliminated considerable material which was unfavorable to the Chinese.

While I was in Harbin I was struck by the circumstance that the officials there did not seem to be concerned over the debacle suffered by the Manchurian armies. They claim that the troops engaged were merely Hailungcheng and Kirin troops, and that the best forces, namely the Mukden armies, had not been at the front. All the evidence which came to me in North Manchuria contradicts this, however. As a matter of fact, it is generally stated that the conduct of the Hailungcheng and Kirin troops, who were in home territory, was usually fairly good, and that they even in some cases took steps to prevent the depredations of the Mukden troops, who being far from home, were often entirely out of hand. While the Chinese officials claim that the Manchurian armies total about three hundred thousand men, it is generally estimated that only about sixty thousand Chinese troops occupied the western line of the C.E.R.

The Chinese also claim that their defeat was due to their lack of modern implements of warfare, and to a great extent this is true. The Chinese have a considerable number of airplanes, but only part of these were sent to the front, where the Russians found no difficulty in destroying some of them. These Chinese planes were, however, of no great value, as none of them carried bombing racks and only a few of them had machine guns. Furthermore, no great amount of artillery was brought to the front, although large supplies of such were on hand in Mukden. The brave defense of General Liang and his troops was greatly hampered by lack of ammunition. As a matter of fact, the Mukden arsenal people do not seem to have been anxious to supply the northern troops, and when Kirin and Hailungcheng officers came to Mukden to obtain munitions, the arsenal authorities were instructed not to show them their best material. All through the campaign the Mukden Arsenal was so well supplied with munitions that the loading of shells had to stop, as there were no room in the warehouses. (It was at this very time that Mukden turned down the request of Chiang Kai-shek for munitions for his campaigns, with the excuse that Manchuria needed all its munitions for its campaign against the Russians.)

All accounts by foreigners, including officials, which came to my ears in Harbin agreed that the damage done by the Russians was ever so much smaller than that done by the Chinese. The Russians caused damage only by bombing from the airplanes (and some artillery fire at Manchouli and Djalainor), and a foreigner who fought during the European War as an airplane bomber for several years, told me that he was convinced that the Russian aviators strove entirely to frighten the Chinese troops, but avoided to do serious damage. He said that the Russian airplanes were able to fly as low as they pleased, as the Chinese had only two anti-aircraft guns, and that one of these was out of order. Furthermore, the Russians after their occupation of Hailar repaired all the damage done to the railway line between that point and Manchouli, including the damage done by the Chinese, and conducted regular train service between these two points.

The question as to whether White partisans participated in the fighting against the Russians has been much discussed, but usually it has been believed that the Russian charges to this effect were mere propaganda without foundation. This had been my belief until my recent visit in Harbin, when a foreigner of undoubted veracity told me to the contrary. This man made several trips of investigation throughout practically the entire western war area during the conflict, including a visit to the Three Rivers' area, where the notorious massacre of White Russian villagers took place. He informed me that as a matter of fact, this massacre was caused by a band of White Russian brigands, and showed me several photographs of irregular troops of this kind, these being mounted, in military formation, and carrying the old Czarist flag prominently displayed. (I have heard of no evidence that these White bands were in any way connected with, or encouraged by the Chinese.) I was informed that the largest of these bands numbered some five hundred men, which was formed last summer, and that it is still in existence, maintaining headquarters at a point over one hundred miles north of the Chinese Eastern Railway, whence it continues raids on villages over a wide area. On the whole, the "war" has tended to aggravate the bandit situation, as many bands were able to pick up arms and ammunition which had been abandoned by the Chinese soldiers in their flight. It was reported in Harbin that one band had even obtained a light mountain gun, but I do not vouch for the accuracy of this report. A number of Chinese soldier looters also escaped into the mountains with their loot, and are now operating as bandits, but a well informed authority insists that such men cannot number more than about a thousand, as the sparsely populated condition of the country makes banditry in that region a precarious occupation.

Attention should be called to the fact that the Chinese authorities at Tsitsihar and elsewhere undoubtedly took various steps to curb the activities of the rampant soldiery and also participated in the work which was being done to relieve the refugees. Another point which seems worth mentioning is the fact that a number of Russian residents of the western section returned to Russia at their own request, including even some Whites who had never fought against Soviet Russia. The Russian military made it known that they had no animus against White Russians, provided they had not at any time participated in warfare against the Soviets, and they seem to have treated such people very well. On the other hand, it is reported that in some instances certain White Russians, who were known to have fought against Soviet Russia, were deported into Russia.

Present Sino-Russian Situation.

Conditions in Harbin, which were very depressed during the "war", have changed very considerably. The period of fear is over, though some Russians insist upon talking about the "next war", and business in the stores is excellent. This is due largely to the fact that the several thousand Russian employes of the Chinese Eastern Railway, who were incarcerated during the trouble, have been released and each one has been paid his salary for the full period of his enforced vacation. Russians with money in their pockets are good spenders, and the cabarets are doing a lively business. All these employes who have wished to resume their positions have been reinstated, while, on the other hand, the men who were employed during the period between the rupture and the return of the Russian officials have been discharged. Furthermore, freight movement along the railway has been resumed and business in every way is making up for lost time.

The political situation, however, is the cause of considerable speculation and uncertainty. I was glad to be able to see Mr. Twai Yun-sheng, who gave me an outline of the Chinese side of the case, as well as other Chinese officials; while the Russian officials were far more frank than is usually the case. Considerable interest in shown in Harbin in the personality of Mr. Rudyi, the new manager of the C.E.R. He is a young man, about 35 years of age. I understand that he is entirely self-educated, but he has quite evidently done a good job. He is quite forceful and speaks very directly and to the point. He is well spoken of in Harbin as being a strong and straight-forward man, though there is some fear on the part of the Chinese that he may show too much of an iron hand. Mr. Molnikoff, who has been in Harbin for some time as consul-general, is an older man, who has very considerable experience with Manchurian affairs, while Mr. Simanovsky, who had charge of the negotiations until recently, when he left such in the hands of Mr. Molnikoff, is quite elderly. He is quite distinguished in appearance and is well educated. He speaks English fluently, having lived in America for some years, and I am told that he studied for some time in an American university.

Harbin has been seething with rumors as to the strong action which has been taken and which is being contemplated by the Soviet officials, and reports have appeared all through China to the effect that Mr. Rudyi and one of the Chinese officials of the C.E.R. engaged in personal combat at one of the directors' meetings. Mr. Rudyi assured me that this is not true, and all well informed persons agree that this story is a canard. The Russians claim that their relations with the Chinese in the C.E.R. have been entirely amicable so far, and that all matters have been progressing smoothly. On the other hand, most foreign authorities in Harbin agree that now that the Russians have come back into power after several years of rather humiliating subservience to the Chinese, they will follow a very strong policy. The belief is usually expressed that the potentialities for trouble are even greater now than they were at the time prior to the clash last summer.

The Russians state that their primary task has been to restore the status quo, as it existed before the clash, and that this is in accordance with the terms of the Habarovsk protocol. This, they say, is as far as they have to go at present, as all other outstanding questions, such as the restoration of the telephone system, the schools, the river fleet, and other functions and organs which were taken over by the Chinese some time prior to the clash, must be settled at the forthcoming Moscow conference, as must also be such questions as the commercial treaty, river navigation, establishment of consulates in China, etc. They also say that the Habarovsk protocol provides that the number of Chinese and Russian employes in the Chinese Eastern Railway must be equal, adding that the Chinese at present have a greater number of employees than their share, but that these occupy mainly the lowest positions, while it is admitted that the Russians hold the majority of the high-grade positions. They say that they are quite willing to give the Chinese an equal number of the high-grade positions, but only when the Chinese are able to supply men who are technically qualified to fill such. From absolutely reliable Russian authorities I have the information that the Russians will bring up the question of damages at the Moscow conference. This will be a serious question, as the Russians should be able to show that the damage done by the Chinese to the C.E.R. property (in which, of course, the Russians have a half interest), was ever so

much greater than that done by the Russians. Furthermore, the Russians will claim damages for their share of the loss of earnings of the C.E.R. during the period of the war, and for the money, said to have amounted to two or three million dollars, which was diverted from the C. E. R. treasury for the payment of the Chinese troops. In addition to this the Russians will claim damages for the losses suffered by the lack of operation during the war, of the Dalbank, the Gostorg, the Naptha Syndicate, and other Russian official business concerns. This question will, of course, be very complicated and will undoubtedly be opposed by the Chinese. At least, Mr. Tsai Yun-sheng told me, that the question of damages should not be brought up at all, but that if it should be brought up at Moscow the Chinese would be able to bring counter-claims which would be far greater in amount than any the Russians would be able to claim. With regard to the Nanking Government's objections to the Habarovsk agreement and to its reported intention to repudiate it, the Russians say that as the Chinese delegation acted with the authority of Nanking, any dissatisfaction on the part of Nanking would be a matter for the Nanking and Mukden governments to settle between themselves, and that this is a matter which does not concern Soviet Russia. This is the view which is shared by the foreign authorities in Manchuria. Furthermore, it is pointed out that their inability to oppose Russia in a military way has been so thoroughly demonstrated to the Manchurian government that it will have to abide by the Habarovsk protocol no matter what Nanking may, or may not say, especially as the Russians are known still to maintain large bodies of troops east of Chita, which could, of course, easily repeat the performance of last November. As a matter of fact, the Russians are quite disgusted with the dilatoriness of the Chinese in respect to the Moscow conference. They point out that the Habarovsk protocol definitely provides that the conference should be held in Moscow on January 25, 1930, and as this date has already passed, they say emphatically that China has already violated the provisions of the protocol, as Russia has never agreed to any postponement. They also say that one of the principal provisions of the Habarovsk protocol provides that White propaganda against Soviet Russia must be stopped and that, in spite of this, White anti-Soviet agitations are now being carried on in Harbin at the instigation of several White Russian newspapers, and it is contended that as the Chinese have not taken adequate steps to interfere, in spite of Russian official complaints, this constitutes another Chinese violation of the protocol.

Much has been said about the alleged secret additions to the Habarovsk protocol, which are supposed to have provided for the stationing of Russian guards at either the Soviet Consulate-General at Harbin or on the Chinese Eastern Railway, and also to have provided for the deportation of certain prominent White Russians from Manchuria. Although a foreigner in Mukden, who is in extremely close touch with the Chinese authorities, insisted to me that he had seen the part of the agreement which provided for the deportation of these White Russians, and that in one paragraph were named six well known White Russian military men, and in another paragraph, General Horvath, formerly president of the C.E.R. who now lives in Peking, and Mr. Boris Ostroumoff, also formerly a manager of the Chinese Eastern Railway and who until recently lived in Mukden (although I am told that recently he went to Shanhaikwan); I personally do not believe that any such secret protocol exists. At least, Chang Hsueh-liang denies its existence and so do the other Chinese and Russian officials.

Taoyin Tsai Yun-sheng, who was the principal Chinese delegate at Habarovsk, explained to me, in the course of an interview which lasted for almost two hours, the details leading to the signing of the Harbarovsk protocol and China's position in general. Tsai was against the action taken against the Russians from the very first, as he was one of the very few Chinese officials who could foresee the danger of this step. Since he signed the protocol and has been saddled with the blame, especially in Nanking, and there has been some talk about his punishment, but all responsible foreigners with whom I have talked agree that Tsai's position and action have been entirely correct throughout the whole affair. In explaining the situation to me Tsao emphasized the fact that after the preliminary arrangement for the meeting at Habarovsk, he went to Mukden and submitted the agenda for the conference, whereupon he was authorized both by Mukden and Nanking to act as their plenipotentiary. As a consequence, he said, Nanking must stand by the Habarovsk protocol, which includes only matter pertaining to the restoration of the status quo, while all other matters such as the commercial treaty, river navigation, etc., must be settled at the Moscow conference. (In this connection Tsai emphasized that the river navigation matter could have reference only to navigation on the Amur, which is the boundary between Siberia and Manchuria, and on which both nations have rights of navigation, pertaining only to their respective sides of the river; while, on the other hand, China would not consider the matter of Russian navigation on the Sungari, which runs entirely in Chinese territory. Incidentally this point is one of considerable interest to other nations, as, if the Chinese should allow the Russians navigation rights on the Sungari, an important precedent will have been established, which should have some bearing on the question of the rights of foreign powers to enjoy navigation privileges on rivers in China proper.) Tsai admitted that the Chinese had, of course, not attended the Moscow conference at the time specified, but he pointed out that it had been necessary for Mo Teh-hui to go to Nanking in order to get instructions, and to obtain data from the Nanking foreign office archives. All this, said Tsai, he had explained to the Russians, and the Chinese delegation will undoubtedly soon go to Moscow. Tsai himself, he said, had made it clearly understood from the beginning that when the Habarovsk protocol was signed he would have nothing further to do with Sino-Russian negotiations, and he was glad to state that Chang Tso-chang and Chang Hsueh-liang had agreed to allow him to take a trip abroad. Tsai claimed that the entire trouble between Russia and China had arisen from very small matters and misunderstandings which could easily be settled.

It may be added that no high official in Manchuria seems anxious to go to Moscow as a delegate, and at this writing it is even uncertain whether Mo Teh-hui will consent to go. This is, of course, due to the fact that the Chinese anticipate that Russia will take a very strong stand at Moscow, and that in view of the unfortunate experience of last fall, the Chinese will have difficulty in withstanding the Russian demands. As a consequence, it seems certain that whatever agreement may be reached will be highly unsatisfactory to the Chinese, and that as a consequence the unfortunate delegate who will have negotiated such an agreement, will be subjected to violent criticism and vituperation.

<u>Situation in Mukden</u>.

In Mukden the political situation seems rather tense, although the various opinions which are being expressed of serious consequences, seem to be exaggerated. It seems certain that the differences which have

existed for some time between the old type leaders, led by Chang Tso-chang, the governor of Kirin, and by the governor of Hailungcheng and others, as against the younger element which has come to the front in Mukden since Chang Hsueh-liang took charge, have become deeper. The northern leaders suffered materially through the war, not only by war losses but also through the fact that the Russians made it a point to destroy and threaten much property in which these leaders were, personally, financially interested. This was particularly true with regard to the famous Mulin coal mines, in which Chang Tso-chang is interested, and which the Russians seemed to have been on the point of destroying just before the armistice took place. Immediately after the debacle in November, Chang Tso-chang and his associates went to Mukden, and an important meeting was held with Chang Hsueh-liang and others, at which the northern leaders insisted that negotiations be entered into. I was told on extremely good authority that on that occasion Chang Hsueh-liang was strongly opposed to immediate negotiations, claiming that a delay, at least, was advisable, as the Stimson demarche, which had just been initiated, might contribute to pull China out of the hole in which she found herself. On the other hand, the northern leaders insisted that if matters were delayed, much valuable property might be destroyed which would otherwise be saved, and finally Chang Hsueh-liang gave in to them much against his will. It is well known that Chang Hsueh-liang plays largely a lone hand. He has advisers amongst both the old school and the younger men of the returned student type, but no one man or party is in a position to influence him entirely. He likes to follow his own mind and hates to be dictated to, and, as a consequence, it is reported that he is deeply resentful at his having been made to yield to Chang Tso-chang and his friends. As a consequence, one hears a great deal of talk in Manchuria to the effect that a split is likely to take place whereby the three provinces, namely Mukden, Kirin and Hailungcheng, will be separated entirely, but the most conservative and well informed foreign authorities believe that no such split will take place, although it is possible that each of the three provinces may attain a greater degree of autonomy. It must also be remembered that Chang Tso-chang was an old and trusted friend of Chang Tso-lin, and there seems to be no reason to believe that he would be disloyal to Chang Hsueh-liang.

The economic situation in Mukden is very depressing. This is due only in part to the war, as the Mukden territory suffered no depredations and as the war material which was lost does not have to be replaced, as the arsenals are fully stocked. As a matter of fact, conditions were depressed even before the war. When Chang Hsueh-liang took charge and his policy of keeping Manchuria outside of warfare in China Proper became known, a sort of boom took place in Mukden, and over-buying and over-extension became evident in various ways. Much of this was entirely laudable such as, for instance, the comprehensive alterations made within the walled city, where streets were widened and various other improvements undertaken. Still this boom was premature and the reaction was inevitable, so that, coupled with the expense of the campaign, movement of troops, etc., and especially with the disastrous drop in silver, a condition was reached which was very unfortunate, although, of course, Manchuria is intrinsically rich and has so promising a future that the depression should only be temporary.

At present, however, many Chinese firms are going out of business, or are on the verge of bankruptcy. The fengpiao has, however, remained fairly steady, even if low, owing to the care taken by the Mukden officials. It is reported, however, that the government banks

may again undertake to print new issues of fengpiao with which to buy beans, which they will sell for silver, as has been done so often in the past, and in such case a further drop of the fengpiao is inevitable. The credit of the Mukden government is not nearly as good as it has been, and complaints are constantly being heard of its failure to meet bills, especially those concerned with the arsenal. Most reputable foreign firms doing business on a large scale do so entirely on a cash basis.

In spite of these conditions, one hears considerably of ambitious plans for new railway and port development on the part of the Chinese. Principal among such is the plan for the building of some five railways located principally in Kirin. There can be no doubt but that the Kirin authorities are eager to build these railways, but at the same time it is quite evident that such construction cannot take place for a considerable time to come, as the Kirin authorities are strongly opposed to seeking foreign capital, and as the Kirin treasury, which prior to the Sino-Russian affair is supposed to have had on hand something between ten to fifteen million dollars, and which was reported to be the most prosperous in China, has now been swept bare.

The plans for the building of the port at Hulutao have a far better foundation and, as a matter of fact, while I was in Mukden negotiations between the Chinese and a Dutch firm for the construction of that port had almost reached completion. I am informed that they have now been definitely completed, and that they involve a contract for the building of this port, at an expenditure of something like G$6,400,000. It has been commonly reported that a British loan was involved in this matter, but the British consul in Mukden told me definitely that this was not the case, and, of course, it would not seem likely that the British would undertake such a loan in view of the fact that their loans to the Peking-Mukden Railway, which adjoins Hulutao, have not been served. I believe that no loan is involved in this matter, and that the expenses for the construction will be met by taking certain stipulated sums from the earnings of the Peking-Mukden Railway.

One hears considerable talk to the effect that Japan may protest against the building of the port at Hulutao, but such is not the case. In the first place, I am not aware of any treaty or agreement on the basis of which Japan would make a protest and, furthermore, it seems highly improbable that any construction which may take place at Hulutao may have a serious effect on the port of Dairen, such as has been contended. Dairen, with its extensive and extremely expensive harbor and facilities, served by a highly efficient and up-to-date railway system, could hardly be threatened by a small port, served only by a railway fed by not very efficient branch railways, and located less conveniently with regard to world traffic. Furthermore, the amount which is proposed to be spent for the entire Hulutao development is considerably smaller than the cost of even one of the many wharves of Dairen, so that whatever competition may be caused will be infinitesimally small. As a matter of fact, some years ago when the Hulutao project was brought up, as it has been on many occasions in the past, a Japanese contractor who wished to bid on the project was informed by the S.M.R. that no objection existed.

The whole matter of loans by the principal powers of Europe and America to Manchuria is discounted by the foreign experts in Manchuria, who point out that while Mukden has made it known that she wishes to enlist foreign capital, as long as it is not Japanese, she has

consistently been unwilling to meet the conditions which must inevitably accompany foreign loans, namely proper security and some degree of foreign control. Furthermore, the lack of written commercial law to uphold contracts, and the fact that foreigners have no right to own land militate against such investments, according to these experts, as does also the fact that governments in China have been known to repudiate the loans made by their predecessors, while it is impossible to foretell how long any Chinese government will remain in power.

It should, however, be remembered that while the present unfortunate condition prevailing in Manchuria seems serious at the moment, it is evident that it should only be temporary. The losses suffered from the "war" with Russia have been small when compared with the productive capacity of Manchuria. Probably the most serious loss has been a potential one, namely through the circumstance that the immigration into Manchuria which would normally have taken place, has been almost stopped for the time being; but an early resumption may be regarded as certain, especially as conditions in Shantung, whence most of the immigrants come, are reported to be worse than ever. The consistent and wise policy of the Manchurian government to refrain from participation in the turmoil in China Proper and its insistence on exercising virtual autonomy, thereby conserving its own resources, are all in Manchuria's favor. As an instance of the practical autonomy of Manchuria may be cited the fact that the old-fashioned Chinese New Year was celebrated throughout Manchuria, even the government offices in Mukden and Harbin keeping closed for several days in spite of Nanking's strict mandate forbidding such celebration. In spite of such talk as one hears of a "second war", it seems inconceivable that any serious trouble may occur for some time to come, and while the coming negotiations at Moscow will undoubtedly be highly interesting and important, it does not seem likely that anything will result therefrom which can disturb in any essential way the peaceful situation of Manchuria.

Henry W. Kinney

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M.I. INTEL. DIV.
APR 25 1930
WAR DEPARTMENT

2657-D-382/30

March 26, 1930

No. 7681

Subject: Mr. Kinney's Article on Manchuria.

To: A. C. of S., G-2, War Department, Washington, D.C.

RECEIVED G/2 W. D. APR 25 1930

1. Reference our No. 7670, on the above subject, herewith is an additional article, dated March 12, by Mr. Henry W. Kinney covering recent Manchurian affairs.

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2. It should be recalled that Mr. Kinney is employed by the South Manchuria Railway as publicity agent, and his articles are to be read with the knowledge that he never records Japanese activities in an unfavorable light. Otherwise, his facts are very conservative and informing.

Nelson E. Margetts,
Lieutenant-Colonel, Field Artillery,
Military Attache.

1 encls.

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WAR DEPARTMENT

Dairen, March 12, 1930

As the result of a trip to Mukden and Harbin, whence I have just returned, I find that generally speaking, the political situation has improved but, on the other hand, economic conditions are, if anything, more depressing. I enjoyed conversations with various Chinese and Russian officials (including Mr. Melnikoff, the Russian Consul-General in Harbin; Mr. Rudyi, manager of the Chinese Eastern Railway; Mr. Li Tsao-jen, who was one of the Chinese representatives at the Habarvesk conference and who, I understand, is also to go to the Moscow conference), as well as various Japanese and foreign consular officials and others whose opinions seem worthwhile.

The fear of further military activities on the part of the Russians has altogether disappeared in well informed circles. The Russians are confident that the Manchurians thoroughly realize the danger of provoking Russia to the point where military action would be necessary, and I was informed that the Chinese have arrived at the conclusion that they would offer no resistance in case Russia should repeat her military aggression.

Both the Russians and the Chinese expressed the definite opinion that the present situation would remain practically unchanged until the Moscow conference. The question of general interest is now when that conference will take place. Mo Teh-hui, who will head the Chinese delegation, had returned to Mukden from Nanking but showed no signs of feverish haste to get to Moscow. On the contrary, one of the leading consuls-general in Mukden informed me that Mo had told him that while he expected to go to Harbin in the very near future, he would go to that place mainly to attend to his business as president of the Chinese Eastern Railway, whereupon he would return to Mukden to prepare for the Moscow conference; so that it does not seem likely that he will be in M oscow for another couple of months.

Whether Mo's credentials will be satisfactory to Moscow presents an interesting question. The Russians tell me that they have received no official notification whatever from Nanking with regard to this matter, and all that may be known about it is what is contained in the newspaper statement given out by Nanking. The Russians are waiting for an official note to which they can reply. From the Nanking statement referred to, it would appear that Nanking has curtailed the authority of Mo so that he has not been authorized to deal with all the questions which the Russians claim should form the agenda of the Moscow conference in accordance with the provisions of the Habarovsk protocol. Whether the Russians, under these conditions, will refuse to accept Mo as a properly accredited plenipotentiary remains to be seen. Both Li Tsao-jen and the Russians told me that they felt certain that this question must be settled before Mo should depart from Manchuria for Moscow.

The fact that the two Sino-Russian agreements of 1924, entered into by R ussia with Peking and Mukden respectively, present far greater differences than is generally believed has caused some speculation. Thus, while the Peking agreement provides for the redemption of the C.E.R. by China, it provides for no reduction of the time limit when the C.E.R. shall be returned to China gratis, but, on the other hand, the Mukden agreement reduces this period from eighty to sixty years, and further provides that a further reduction may be discussed. The Peking

agreement provides merely for "equal representation" of Chinese and Soviet nationals among the employees of the C.E.R., while, on the other hand, the Mukden agreement contains an additional note to the effect that this principle shall not be carried out to the point where the activities of the railway shall be injured, and that employment shall be based on experience and fitness. The Peking agreement merely refers in a general way to the question of river navigation, whereas the Mukden agreement refers definitely to navigation by Soviet vessels on the Sungari and by the Chinese on the lower Amur. I find, however, that the question as to which agreement should form the basis of the conference is not likely to be at all important, as both the Chinese and the Russians informed me that both agreements would be used as the basis at the Moscow conference.

A point which seems important lies in the fact that the Russians apparently are taking less interest in the question of damages than they did when I saw them a month ago. At that time a very high Russian official informed me that the Soviets would insist upon China paying not only for the damage suffered in connection with the losses involved through their failure to share in the revenues of the railway for six months, the physical damage done to the railway by the Chinese (which was generally admitted to be much greater than that caused by the Russians), and the C.E.R. money diverted by the Chinese for military purposes; but also for the losses suffered by the Soviet official and semi-official commercial enterprises, such as the Dalbank, Gostorg and Naphta Syndicate. This same official said, however, a few days ago that he thought that the Chinese and the Russian claims for damages might very well offset each other. He referred to the Chinese intention of claiming damages for business losses suffered by the Chinese merchants generally, and remarked that the Chinese claims reminded him of the story of the undertaker who regarded each living person whom he met as a business loss to him.

The Chinese are willing to discuss the Sungari navigation question, and want to take up the matter of equal distribution of employment on the C.E.R. of the Soviet and Chinese nationals, as well as the matter of limitation of the power of the general manager. It is interesting to note that the Chinese will make their principal point the question of redemption of the railway, and they will insist on a definite price being fixed for such purchase. They admitted to me that they were aware of the fact that China at the moment has not the money with which to effect such purchase, but they expressed confidence that they would be able to effect this deal in the not too distant future. The Russians have not the slightest objection to discuss this matter, but they regard it entirely as "an academic question" and view the proposition as a bit of humour which need not be taken seriously. As a matter of fact, several great points of difference exist in the views of the Chinese and the Soviets respectively in this connection. The Chinese want to have the purchase price fixed by an international commission, but this the Russians definitely oppose and apparently they have grounds for such opposition in so far as the Peking agreement provides that the governments of Russia and China shall settle the question. Furthermore, the Soviets and the Chinese differ fundamentally with regard to the method of settling the valuation of the railway. The Chinese claim that the value should be appraised of the railway as a going concern and on the basis of the actual value of the physical property and the railway's earning power. On the other hand, the Russians claim that the value of the railway will be the entire cost of its construction and all sums expended thereon since the

very beginning, including the vast sums advanced years ago by the Czarist treasury during the many years when the railway's constant annual deficits were paid by Russia, plus interest thereon. The Russians also point out that owing to the constant immigration into North Manchuria and the consequent development of that territory, the value of the railway is constantly increasing. The same Russian official who is referred to above, characterized the figure as "Homeric" and added that the value of the railway could very easily be determined by referring to the books of the company, which would show, to the best of his recollection, a figure of 1,300,000,000 roubles. He also referred to the fact that the Sino-Russian agreements provided that the money for the purchase must be Chinese capital.

It will thus be seen that the question of purchase of the railway seems to be, as the Russians say, a purely academic question, but I am under the impression that the Chinese delegation will make it its main point because it will enable them to save face in case they should be compelled to give in to the Russians on points relating to the present situation. Thus they would be able to say that they have arranged for the purchase of the railway and that the other points are of minor importance in so far as they relate merely to a sort of modus vivendi until the time when China shall take entire possession of the railway.

It is quite evident that the Russians feel that their present position is strong and quite satisfactory. In answer to my questions as to whether it was possible that, in case the Chinese should fail to meet the Soviet requirements, the Soviets might again have recourse to military pressure, the Soviet officials said very definitely that such was out of the question because no such necessity could arise. The Manchurians realized their situation, they said, and in case, at the Moscow conference, Nanking should oppose the reasonable requests made by Russia in accordance with the Habarovsk protocol, they felt that the Manchurian government would break with Nanking much rather than they would break with Moscow.

The Russians still maintain fairly large bodies of troops near the border at Manchouli, but all the reliable foreign authorities with whom I spoke agreed that the many stories which have appeared to the effect that Russian soldiers have on several occasions invaded Manchurian territory during the past couple of months, were baseless. As White partisan bands (they may possibly more accurately be referred to as mere bandits who like to masquerade as White patriots) continue their activities, and the Chinese soldiers seem loath to tackle them, and as these partisans and the Soviet partisans on the other side of the border hate each other, it is said that it was possible that the Red partisans might have invaded Manchurian territory and might even have carried off some of their White enemies, but a consular official in Harbin who is extremely familiar with that situation informed me that it was certain that regular Soviet soldiers had not been involved. The Japanese Consulate-General at Harbin had not received any reports of Red military activities in or about Manchouli from its consulate at that town. The Soviet officials in Harbin referred to these reports as utterly baseless, saying that H arbin is now trying to rival Riga as a source of anti-Soviet propaganda.

The Soviet officials still refer to the alleged violation by the Chinese of the Habarovsk protocol in so far as the Chinese have not come to Moscow within the time specified by the protocol, and, further, in so far as they have not dismissed the White "agents" (as the Soviets call them) in their employ. These officials refer quite bitterly to the

fact that not only have the Chinese failed to dismiss the White Russians in their employ, in the police and elsewhere, but have even added more "agents" of this kind, who are alleged to be engaged in various anti-Soviet activities. On the other hand, the Chinese claim that the Soviets are engaging as C.E.R. employees a number of new men from Soviet Russia, and that these men are all known to be active communist workers and men with well known records as political and military officials. (Well informed foreigners in Harbin maintain that this charge is based on fact, though it is admitted that these new employees have satisfactory technical qualifications as railway men in addition to their military and political qualifications.) The Russian authorities told me that it was true that many changes had been made in the employees of the railway. Those of the old Soviet employees who had been dismissed or had left the employ of the C.E.R. during the trouble, and who now wanted re-employment, had been and were being re-employed, but, on the other hand, many of these old employees had gone back to Russia and had obtained jobs there, and did not wish to return to Manchuria. The Russians who had remained in the employ of the C.E.R. during the trouble were "not regarded as enemies", but the railway had deteriorated greatly during the trouble, and it was overstaffed, anyway, so that it had been found necessary to dismiss some men and to replace them with better qualified men, but such appointments were based solely on merit. Mr. Rudyi referred to the fact that he was trying to meet Chinese wishes by introducing the Chinese language in the administration of the railway on the basis of equality with the Russian language in bookkeeping, letters, orders and other documents. There was no particular difficulty in doing this at the head offices in Harbin, but it was found very difficult at more remote points owing to the shortage of men speaking both languages. I might add that the employment of Mr. Emshanoff as vice-president of the railway has been a blow to the Chinese. Emshanoff was the former manager of the railway and, as a result of the Habarovsk conference, the Chinese were led to believe that he would not be employed again as manager but would probably be given a position as one of the five Russian directors of the line. (It may be remembered that the appointment of Emshanoff as manager was one of the principal points of difference in the conflict.) When Mr. Emshanoff recently returned to Harbin, however, he was appointed as vice-president, which may be regarded as a promotion rather than a demotion.

The Chinese, as may be seen, are showing no violent enthusiasm about hastening to Moscow, and Mr. Mo has been quite frank in his expression that he is not keen about being the Chinese plenipotentiary, but that he has accepted this post merely as a matter of patriotic duty. The Russians, as a matter of course, speak strongly of China's failure to send its delegation to Moscow in proper time, but while, of course, nothing was said to that effect in so many words in my conversations with the officials, I got the impression that, as a matter of fact, they are not particularly anxious about the conference either, as they feel quite strong and the present situation must be fairly satisfactory to them. On the other hand, the business community, both foreign and Chinese, in Harbin is anxious to have the entire matter settled, especially as much of the border country still remains unpopulated, as the former inhabitants are afraid of going back, and business in these districts is, therefore, very limited. On the whole, the economic situation is very bad owing partly to the drop in silver, but probably mainly to the practical standstill in the bean business, as, owing to the lack of demand from Europe, the price of this important product has declined to a point where very

little business is being done. The failure, a couple of weeks ago, of the Sibirskie Company, a Danish concern, which is said to have handled about one quarter of the North Manchurian bean product, has caused consternation in Harbin, and many other firms are suffering as a consequence. This condition should be merely temporary, as the resumption of immigration into North Manchuria should make for better times and the low bean prices should not, of course, continue forever. I have been informed that one effect of the present condition will be that wheat growing in North Manchuria will increase very considerably, and as this region is potentially one of the world's great wheat producing areas, the eventual result may, in this way, be good.

The reports to the effect that the Mongols in the Barga District have ambitions towards independence seem to be baseless. A foreign consular authority, who is particularly well acquainted with this situation, told me that all the Mongols want is the privilege to collect land tax themselves and to have mixed cases between Mongols and Chinese tried in their own courts instead of in Chinese courts, as is the case at present. Cases between Mongols have even in the past been tried by the Mongols themselves. He also stated that, as a matter of fact, the Mongols do not wish to be independent as they do not wish to undertake international responsibilities, particularly in view of the fact that the Chinese Eastern Railway, which may be regarded as a sort of international line, runs through their territory.

In Mukden both the political and the economic situations seem beset with much uncertainty. The losses caused as the result of the war contribute to some extent to the bad financial condition of the government, though I believe that these effects are felt still more seriously in Kirin. Low price of silver has caused many hundreds of Chinese firms to go out of business (one report gave their number since the Chinese New Year as 1200), and the low price of beans adds to the depressed condition. One hears most talk about the poor state of the government treasury and, curiously enough, the poorer they seem to be the more projects for new construction are being set forth by the authorities. Thus one hears of the building of the railway from Taonan to Solun, which is a very praiseworthy project, as such a line will open a very desirable bit of territory, but I was informed that, while the earth work has been done, there are no funds with which to buy the rails. I was also informed that the authorities want to buy 24 additional locomotives for the Mukden-Hailungcheng Railway which, by the way, is about twice as many as that road can profitably employ, but a foreign salesman of railway material informed me that the Chinese did not have on hand even ten percent of the purchase money; and, under present conditions, all reputable foreign firms insist on cash dealings. Various schemes for the reconstruction of the Mukden arsenals so that they may build railway equipment, motor-trucks, etc., are also taken with a large grain of salt, owing to lack of cash and the apparent over-ambition of such projects. The building of the Hulutao harbor seems to be in another class, however, as, for the carrying out of this work, definite funds have been provided by setting aside such from the revenues of the Peking-Mukden Railway. The Japanese have not protested in this connection, and are aware of the fact that the project is on such a small scale that it can by no stretch of imagination offer much competition to Dairen. On the other hand, much interest is being felt in the protest made by the British government to protect the interests of the British bond-holders in the Peking-Mukden Railway, who have not been paid for several years and who apparently do

not view with pleasure the prospect of having the earnings of the railway used for harbour construction instead of for payment of their bonds. The Chinese argument that they ought to be satisfied as the money is being spent for a remunerative enterprise instead of for war, and that the project is a contract and not a loan, does not seem to have impressed the foreign community in Mukden.

The political situation in Mukden centers largely on the personality and actions of Marshal Chang Hsueh-liang. It is evident that this young man is both intelligently and earnestly seeking to perform his functions as the virtual ruler of the tremendous territory in his charge. It appears, however, that he may be trying to undertake too much. Persons close to the Marshal informed me that he wishes to eliminate as far as possible squeeze and inefficiency in his government, but that he is very impatient with the inertia and passive resistance of the elder civil officials, while the younger element of bright young men apparently does not impress him as being very effective. It seems that he has no adviser or group of advisers on whom he places entire reliance, and that he tries to perform himself all the principal work of government, including even details. This has, as a natural result, caused him to be in a very nervous condition so that he often berates his attendant officials in very strong terms. One hears a great deal of his suffering from the results of his habit of taking narcotics, but several foreigners of undoubted veracity who have associated with the Young Marshal for a considerable period of time state definitely that he shows no signs of the effects of narcotics, and I am, personally, convinced that these reports are untrue or, at least, very greatly exaggerated. It is stated, however, that the troops have not been paid for a couple of months and that similar conditions prevail with regard to many civil employees. This has naturally led to very widespread dissatisfaction and also to the spreading of rumours which are unfavorable to the Young Marshal. Thus one report has it that he recently lost $200,000 in a mah-jongg game, whereas another widely circulated report says that his present favorite lady lost over $2,000,000 in a poker game. Most likely these rumors also are entirely untrue or vastly exaggerated, but the point is that the unpaid persons complain of great extravagance at the fountain head of government while they themselves are unpaid, and one gains the impression that the Young Marshal's popularity is decreasing, probably unjustly, as, as has been stated, he seems to be earnest in his work and ambitions and has evidently combatted his narcotic habits with a considerable degree of success. One hears fairly definite statements that Marshal Chang Hsueh-liang is investing funds in Great Britain, the United States, and J apan, a report having it that he has placed $2,000,000 in each of these countries. Rumours have been current to the effect that several prominent military officials have been arrested here,and there apparently is suspicion of their being involved in anti-government activities, but I have had no definite confirmation of these reports and, anyway, I do not believe that the situation need be taken too seriously, especially as Chang Tso-chang, who is the only other leading figure in Manchuria, is undoubtedly loyal to the Young Marshal; so I mention this matter merely for reference in case further development should take place.

Henry W. Kinney

OFFICE CHIEF OF STAFF
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MAY 15
2657-9-38
32
WAR DEPARTMENT

4-1

2 Report

CHINA (Political)

Subject: The Moscow Conference.

RECEIVED G/2 W. D. MAY 12 1931

It will be recalled that the Sino-Soviet conference which was held in Moscow last winter broke up definitely when Moh Teh-hui left Moscow on December 21, 1930. China's unwillingness to accept the terms of the Harbarovsk Protocol and to resume diplomatic relations were the basic reasons for the impasse.

Moh went first to Mukden where he discussed the difficulties he had experienced with the Young Marshal, and at the latter's request left for Nanking where he arrived early in February.

At Nanking many conferences were held on Sino-Russian questions between Moh and Chiang Kai-shek, as well as the members of the Political Council and the Ministry of Foreign Affairs. On February 18, while Moh was still in Nanking the Central Political Council announced the programme to be followed in discussions with Russia as follows:

1. The Chinese Eastern Railway question.

A. In accordance with Art. 9 of the Russo-Chinese Agreement, the railway shall be recovered by China, the amount to be paid to Russia and the manner of its payment being stated in full in the draft agreement for the recovery of the railway.

B. Pending the solution of the question, the status quo can be maintained, but amendments to be introduced to the agreement for the administration of the Chinese Eastern Railway will be mentioned in the draft of the new provisional agreement.

2. Outer Mongolian question.

A. Article 5 of the Russo-Chinese Agreement shall be carried into effect.

B. Soviet troops shall be withdrawn from the territory.

C. Soviet representative shall be withdrawn from Outer Mongolia.

3. The control of propaganda. In view of the fact that trouble in Mongolia was created by secret propaganda made by Soviet Russia, the Russian Government shall control it in strict observation of Article 6 of the Russo-Chinese Agreement.

4. Frontier and Navigation questions.
Commercial Treaty question.
Indemnity question.

From M/A, China Report No. 8000 April 15, 1931

CHINA (Political)

Subject: The Moscow Conference.

While in the programme quoted above Nanking did not mention the resumption of diplomatic relations, emanations since have stated that diplomatic relations would be resumed as soon as Soviet troops were withdrawn from Mongolia. It is generally understood that the resumption of diplomatic relations will be a part of the agenda. Moh, before leaving Nanking on February 24, declared that the questions to be discussed in Moscow are those in the 1924 Mukden Agreement.

Moh Teh-hui, after a short stay in Mukden, arrived in Harbin on March 5. While in the latter city he was guest at many banquets of Sino-Soviet character and was outspoken in his belief that upon the resumption of the Moscow conference all outstanding questions between China and Russia would soon be settled. From confidential sources it is believed that Nanking will recognize the Harbarovsk Protocol.

On March 7, Fan Tsi-kuang, who is strongly anti-Soviet, "resigned" from the Board of Directors of the C.E.R. after eight years of sterling service in that body. At about the same time General Chang Ching-hui, who gave orders resulting in the raid on the Soviet Consulate in Harbin on May 27, 1929, was relieved from his post in Harbin and was given the doubtful honor of the presidency of the Government Military Council at Nanking. From these two cases it would seem that every effort is being made to placate Russia.

Nanking's willingness to accept the Harbarovsk Protocol after denouncing it so heartily may be taken as a reward given Chang Hsueh-liang for his overture during the Feng-Yen rebellion. Chang in turn is placed in a much stronger position thereby since the "Old Guard" in Manchuria is insistent on the resumption of relations with Moscow.

Moh arrived in Moscow on March 28, accompanied by a staff of thirty-two. It is significant that diplomatic questions will be handled by Chien Tai, Victor Hu, and Chang Tsou-tseng, all from Nanking and the National Government. Nanking is taking no chances on Mukden's desire to please at any price.

Formal discussions, which were preceded by informal conversations, opened in Moscow on April 11. The only reports which have reached Peiping to date indicate that the subjects of conversation so far have been confined, in general, to matters pertaining to the C.E.R., among which the redemption of the railroad is being given major prominence.

While it is too early to make any definite forecasts as to the results of the conference, it would seem that both Russia and China are anxious for a rapprochement. The moving urge on Russia's part is economic, on China's, political. For the time being at least Russia's dream of world revolution has been discarded for her five-year plan. She needs markets,

CHINA (Political)

Subject: The Moscow Conference.

and China offers an unlimited one close at hand. China on the other hand needs help against the Japanese. While it is true that Russia has evidenced an unwelcome and imperialistic attitude in Mongolia and that her new Siberian-Turkish railroad paralleling Mongolia and Sinkiang is a menace, China is not so much alarmed by Russia as she is by Japanese progress in Manchuria. There has always been evidenced a great difficulty in Japanese and Chinese cooperation. Neither country trusts the other, and it is thought that a Sino-Russian understanding anent Japan may be reached at the conference.

Too much Chinese insistence on Soviet withdrawal from Mongolia may bring a rupture, but Russia will undoubtedly give up much in order to further her five-year plan. Difficulties with regard to commercial questions are likewise apt to be met, since Chinese private ownership and the communal aspect of Russia's five-year plan will be difficult to bring into apposition. However, it is believed that each has too much to lose by a continuation of the status quo to place insurmountable obstacles in the way of the other.

The Asiatic Chinese and the Eurasian Russian are rare bargainers, and a seat at the council table would be of unique interest.

Further developments will be reported as they occur.

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

PGT

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G-2 Report 3090 Miscellaneous

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WAR DEPARTMENT

4-1

Chinese Holidays and Memorial Days

RECEIVED G/2 W. D. NOV 20 1930

The following national holidays for China have been announced by the Central Government. It is of interest to note that no provision is made for lunar observances or for bank holidays. There are 18 holidays in all.

January 1 - Anniversary of the establishment of the Chinese Republic;

March 12 - Anniversary of the death of Dr. Sun Yat-sen;

March 29 - Anniversary of the death of the 72 martyrs in Canton;

May 5 - Anniversary of the establishment of the Revolutionary Government in Canton;

May 9 - Day of National Shame (denoting the acceptance of the 21 Japanese Demands);

July 9 - Anniversary of the start of the Anti-Northern Expedition from Canton;

October 10 - National Day;

November 12 - Dr. Sun's birthday.

In addition there are the following Kuomintang holidays:

March 18 - Anniversary of the shooting of students in Peking by Marshal Tuan Chi-jui's bodyguards;

April 12 - Anniversary of the Party Purification Movement;

May 18 - Anniversary of the death of General Chen Chi-mei;

June 16 - Anniversary of Dr. Sun's sufferings in Canton when Chen Chiung-ming revolted and he had to seek refuge on the gunboat "Yung-fong";

August 20 - Anniversary of the assassination of Mr. Liao Chung-hoi, Minister of Finance in the Canton Military Government;

September 9 - Anniversary of the commencement of the revolutionary movement by Dr. Sun;

September 21 - Anniversary of the death of Mr. Chu Cheh-hsing;

October 11 - Anniversary of the arrest of Dr. Sun in London in 1896 by agents of the Manchu government.

December 5 - Anniversary of the commencement of the Anti-Yuan Punitive Expedition in 1915 by General Chen Chi-mei;

December 25 - Anniversary of Yunnan's declaration of independence by the late General Tsai Ao when Yuan Shih-kai attempted to crown himself emperor of China.

REPLACE ADD 27.5
TDW/edb

M O Margetts

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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From M/A China Report No. 7850 Oct. 21, 1930

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G-2 Report

WAR DEPARTMENT

CHINA (Population & Social Conditions)

Subject: Holidays for Laborers in Factories.

RECEIVED G/2 W. D. MAR 31 1930

1. A total of seven holidays, exclusive of Sundays, have been designated by the Political Department of the Central Party Headquarters as the annual national holidays for all factories in the country. The days are:

January 1	-	Establishment of the Republic of China.
March 12	-	Anniversary of the death of Dr. Sun Yat-sen, the late Party Leader.
March 29	-	Anniversary of the death of the 72 martyrs at Canton.
May 1	-	Labor Day.
July 9	-	Launching of the Northern Punitive Expedition.
October 10	-	Independence Day.
November 12	-	Birthday of Dr. Sun.

John Magruder

John Magruder
Major, General Staff,
Military Attache

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1 Tientsin
1 File

From M/A, China Report No. 7669 February 27, 1930

AMERICAN LEGATION

OFFICE OF THE MILITARY ATTACHE,
PEKING, CHINA.

July 17, 1929.

2657-D-38

No. 7562

Subject: Chinese Holidays and Memorial Days.

To: A. C. of S., G-2, Washington, D. C.

RECEIVED G-2 W. D. AUG 19 1929

1. The following list of Revolutionary Memorial Days was announced July 8, 1929, by the Standing Committee of the Central Executive Committee:-

January 1 -- Establishment of the Republic of China. (National Holiday)

March 8 -- Anniversary of the International Feminist Movement.

March 12 -- Death of Dr. Sun Yat-sen. (National Holiday)

March 18 -- Punitive Expedition against Yuan Shih-kai by the Navy led by the gunboat "Shaoho".

March 29 -- Death of the 72 martyrs at Canton. (National Holiday)

April 12 -- Party Purgation Movement.

April 18 -- Removal of the national capital to Nanking.

May 1 -- Labor Day.

May 3 -- Tsinan Incident Humiliation Day.

May 4 -- Anniversary of the Student movement.

May 5 -- Inauguration of Dr. Sun as President of the Republic of China.

May 9 -- 21 Demands Humiliation Day.

May 18 -- Anniverasyy of the death of Martyr Chen Chi-mei.

May 30 -- Nanking Road (Shanghai) Humiliation.

June 16 -- Dr. Sun's escape from Canton during Chen Chiung-ming's rebellion.

June 23 -- Canton Shakee Incident Humiliation Day.

July 1 -- Establishment of the National Government.

July 9 -- Launching of the Northern Pubitive Expedition. (National Holiday)

August 20 -- Death of Martyr Liao Chung-kai.

August 29 -- Treaty of Nanking, 1842, Humiliation Day.

September 7 -- Treaty of 1901, (Boxer Rebellion) Humiliation Day.

September 9 -- Dr. Sun's first revolutionary attempt.

September 21 -- Death of Martyr Chu Chi-hsin.

October 10 -- Independence day. (National Holiday)

October 11 -- Dr. Sun's escape from the Chinese Legation in London.

November 12 -- Birthday of Dr. Sun. (National Holiday)

December 5 -- Peking's revolt against Yuan Shih-kai.

December 25 -- Anniversary of the Yunnan revolt against Emperor Yuan Shih-kai.-- Kuo Min.

For the Military Attache:

Parker G. Tenney

Parker G. Tenney,
Captain, Field Artillery
Assistant Military Attache

2 Report.

FOR OFFICIAL USE ONLY 6-1

OCT 24 1935 2800 OFFICE CHIEF OF STAFF MIL., INTEL. DIV. 2657-D-385 3 WAR DEPARTMENT

CHINA (Political)

Subject: Press.

Criticism of the New Press Law.

RECEIVED 8/2 W. B. OCT 22 1935

The new Law governing the Press became effective July 1, 1935, simultaneously with new Civil and Criminal Codes, Insurance Business Law and Bankruptcy Law.

Anna Ginsbourg, writing in the China Weekly Review of September 7, reports the reaction of the journalistic profession to the new Press Law as follows:-

"The whole system of Chinese Law is being exposed to revision at present. The National Government of China, which undertook a great mission to reconstruct China socially and regenerate it spiritually, with the aim of reviving the nation, has begun a revision of laws by which a new order of life will be inaugurated. On the first of July the New Criminal Code of China was enforced. Simultaneously the revised Codes of Procedure, both Civil and Penal, came into force, as well as modifications introduced into the Civil Code. New Insurance Business Law, Laws of Bankruptcy and New Press Law were promulgated and their enforcement is expected.

At the present moment the Revision of Chinese Press Law is the point in question and the subject of most heated discussions in Press circles throughout the country. Chinese newspaper publishers and newspapermen of Shanghai, Nanking, Peiping and other places are agitating against its final adoption, for there is a general feeling that the new Law is altogether too severe. Even as things stand now, all newspapers and magazines have to undergo a strict further censorship before they are published, and the New Law, still strengthening the system of Press control, may seriously hinder the development of the Press in the country.

The main features of the Revised Press Law are the following:

1. In the new version of the Code it is stated that: "No newspaper or magazine may be published until an application for its registration has been approved and sanctioned by the competent local Government organ." By the "competent local organ" is meant the District Government in the case of a Province and in the case of a Municipality under the direct jurisdiction of the Executive Yuan, Bureau of Social Affairs. This provision in the Revised Law is likely to strengthen the power of local authorities with regard to matters of Press control and, in view of the fact that local administration in China is not always up to the mark, it is very doubtful whether it will exercise its new power satisfactorily. Moreover, it may lead to unnecessary complications with regard to comments on local matters, local authorities being granted the full power to detain publications violating the New Law.

From M/A, China. Report No. 9205. September 19, 1935.

CHINA (Political)

Subject: Press.

Criticism of the New Press Law.

2. In the second place the regulations governing what news are publishable and what not publishable are too vague. For instance the publishing of reports regarding the private affairs of individuals or families is strictly prohibited by the Revised Law. But private matters may sometimes be of social importance and the tendency to keep all evil things hidden is hardly justifiable. The New Criminal Code handles the same matter very successfully, providing that: "no libel shall be deemed to have been committed if the party publishing it can prove that the matter published is true and that its publication is in the public interest."

3. Thirdly, the Revised Law prohibits the publication of the proceedings of court cases heard "in camera" as well as editorial comments on matters "sub-judice," namely before the judgment is rendered. This last provision represents a new restriction. Newspaper comments on certain cases pending in courts are more often a help than a hindrance to administration of justice and sometimes even a stimulant to expression of public opinion.

4. Fourthly, the Revised Law provides that corrections or refutations must be published in full in the newspaper or periodical in the same place where the original article complained of first appeared. Although not of a very serious character, this provision, if enforced, would cause the papers to be filled with refutations and counter-refutations and limited space would be left for comments on everyday matters.

5. Fifthly, the administrative penalties provided in the Revised Law are too heavy, the severest punishment being imprisonment or detention for a term not exceeding 12 months or five not exceeding $1000. Moreover, there is no definite provision for appeals against such penalties.

Judged by western standards, the liability of publishers and editors is much too severe. An editor might incur the penalty of long imprisonment for what in England or America, for instance, would be regarded merely as a speculative essay. The problem of liability of editors was raised long ago, after the current Press Law had been enforced. The Chinese Press Association of Shanghai applied then for authoritative interpretation regarding the liability of publishers to the highest organ dealing with Press matters, namely, to the Central Executive Committee. This enquiry was a sequel to a case in which the editor of a Chinese daily in Shanghai was convicted in court under the ordinary criminal code for the publication of an allegedly improper article. The Central Executive Committee in its interpretation stated "except where civil or criminal liability is attributable directly to the personal actions of an editor or where in the case of more

CHINA (Political)

Subject: Press.

Criticism of the New Press Law.

serious infractions the application of other laws, providing for heavier penalties, is permissible under Art. 35 of the Press Law, newspaper editors shall as a general rule be liable only to the penalties provided by the Press Law and shall not, except under the special circumstances, be punished according to the provision of other laws.

These "special circumstances" referred to above have no doubt been found lately in the case of New Life magazine, Chinese weekly, the editor of which has been made responsible for publication of a contributed article, entitled "Gossip about Emperors", in which there were remarks offensive to the authority and private life of the Emperor of Japan. The New Life was suppressed, a ban was placed upon republication of the offending article and the editor and proprietor of the magazine was summoned to the First District Court of Shanghai on a criminal charge of libelling the Chief Executive of a Friendly State. Proceedings were taken under Art. 310, (1) and (2) of the New Criminal Code, and he was convicted and sentenced to 14 months' imprisonment with no right of appeal.

Although in this incident it is more than evident that "special circumstances" existed, it is common knowledge that incidents like the one just described are not infrequent. According to a report, the correctness of which it is not possible to verify, there were in North China during the year 1934 110 cases of suspension or total suppression of publication, the most frequent offence being the publication of comments against Government officials, opium monopoly, New Life Movement, etc. The same report states 149 books were banned during last year and thousands of volumes destroyed. The scale of these figures is tremendous and illustrates the present state of affairs with regard to Press control in China. The "Freedom of the Press" in China (this term is hardly applicable here at all) is bound by stringent laws and countless prohibitions, breaches of which cause various degrees of trouble.

In December last a joint petition of over twenty leading newspapers in China was submitted to the Nanking Government, which did not ask for abolition of censorship but merely for the following:

1. That no newspaper or newspaper man be punished except according to Law;

2. That censors be required to adhere to Press regulations issued by the Government;

3. That suppressed journals that had not attacked the Government be allowed to resume publication; and

CHINA (Political)

Subject: Press.

Criticism of the New Press Law.

4. That imprisoned newspaper men be brought to legal trial.

This petition was submitted six months ago. We know nothing of the consequences, unless the adoption of still severer Press Laws since then could be regarded as an answer. Probably such will also be the fate of a petition which the united front of Chinese journalists and Press Associations throughout the country are submitting at present to the Nanking Government, urging that promulgation of the revised Press Law be postponed and appealing for its reconsideration by the Legislative Yuan."

Comments:- The Press Law as well as the Criminal and Civil Codes in China are weakened in their functions of protecting the rights of citizens by the system of trying offenders before extraordinary military tribunals.

If a person offends against the Government in a manner not regarded by the Government as sufficiently punishable under the Criminal Code, he may be brought before a court martial and dealt with as severely as the spleen of the convening authority dictates.

In other words, all the new laws of China may be rendered null and void for any particular case.

For and in the absence of the Military Attache:

W. V. Constant.

S. V. Constant,
Major, Cavalry,
Assistant Military Attache.

BAT

Distribution:
6 MID
1 File

4-1

G-2 Report

3000-Government
OFFICE OF GENERAL STAFF
MIL. INTEL. DIV.

CHINA (Political)

FEB 25 2655-D-38 Sec 2

Subject: Press Law of the National Government of China.

RECEIVED G/2 W. D. FEB 25 1931
WAR DEPARTMENT

The difficulties of publishers and the press in China during the past few years have, when necessarily important, evoked assurances from responsible officials of an eventual freedom of the press as soon as the internal situation would have become sufficiently stabilized. That such condition is now assumed to exist is indicated, in one respect, by the recently promulgated Press Law of the National Government of China; but the promised "freedom" is conspicuous by its absence——for the new law not only makes it compulsory for all articles and publications to be submitted to governmental agencies, even in normal times, but also places a limitation on certain items for publication (see Chapter IV, Article 19, of below quoted law): features which should greatly assist in nullifying party opposition, but as such admitting of no press freedom.

The following is the text of the Press Law code as enacted:

Chapter I - General Provisions.

Article 1. The word "publication" referred to in this law denotes books, articles, pictures and drawings printed with mechanical and scientific means for sale and distribution.

Article 2. Publications are divided into the three following kinds:

(a) Newspapers, denoting publications under specific names continuously published, daily, or at intervals of less than six days.

(b) Magazines, denoting publications under specific names continuously published weekly or at intervals of less than six months.

(c) Books or other publications, denoting publications not enumerated in above two sections.

Article 3. The word "publisher" referred to in this law denotes persons who manage and control the sale and distribution of publications.

Article 4. The word "author" referred to in this law denotes persons who write articles, or who make the drawings or who make pictures: Recorders who take down speeches for publication or supply the same to others for publication are considered authors. But speakers who give consent to publication of the speeches shall also assume the responsibility of an author.

Compilers of articles are considered authors but the original authors who gave special consent to the compilation shall also assume the responsibility of an author.

Translators of articles are considered as authors.

Representatives of schools, companies, institutions or organizations are considered authors of publications published by schools, companies or under names of other institutions or organizations.

Article 5. The word "editor" referred to in this law denotes persons who manage and edit newspapers and magazines.

Article 6. In case of publications issued by government organs two copies of such publications shall be sent to the publicity department of the Central Kuomintang headquarters, and the Ministry of the Interior.

CHINA (Political)

Subject: Press Law of the National Government of China.

Chapter II - Newspapers and Magazines

Article 7. Publishers of newspapers or magazines must in 15 days before the date of the first publication apply in writen petitions, containing the following items, to the Ministry of Interior for registration through the provincial government or through the city government directly under control of the Executive Yuan:

(a) Name of the newspapers or magazine.
(b) If article pertaining to party principles or party affairs or political events are published.
(c) Interval of publications.
(d) Date of first publication.
(e) Name of the printing and publishing offices and their locations.
(f) Names, ages, and addresses of the publisher and editor. Where special editors are maintained for the various sections or editions, names and addresses of such editors also shall be included.

Newspapers or magazines published before the enforcement of this law shall within two months of its enforcement apply for the above registration.

Newspapers or magazines which publish articles pertaining to party principles or party affairs shall also apply for registration in the publicity department of the Central Kuomintang headquarters through provincial party headquarters or equivalent headquarters.

Article 8. If any changes be made in the items registered in the above registration, applications shall be made within seven days after the changes for registration.

Article 9. No fees shall be charged for the above two articles of registration.

Article 10. The following persons are not allowed to be publishers or editors of newspapers or magazines:

(a) Those who have no addresses in the country.
(b) Those who are of restricted ability.
(c) Those who are serving prison or detention terms of more than one month.
(d) Those who have not yet recovered their deprived civil rights.

Article 11. The original publishers of newspapers or magazines which stop publication must apply for registration or for cancellation of the original registration.

Publications are considered cancelled when newspapers or magazines fail to appear on expiration of the affixed date for first issuance after two months or four months respectively.

Article 12. Newspapers or magazines must record the names of publishers and editors, date of publications and names and location of the publishing and printing offices.

CHINA (Political)

Subject: Press Law of the National Government of China.

Article 13. Newspapers or magazines shall on time of publication send two copies of the same to the Ministry of Interior, one copy to the provincial government or city government having jurisdiction over the location where the publications are being published, and one copy to the procurate of the location where the publications are being published.

Newspapers or magazines publishing articles pertaining to party principles, or party affairs, shall also send a copy to the provincial party headquarters or equivalent party headquarters and a copy to the publicity department of Central Kuomintang headquarters.

Article 14. If applications were made by persons involved or persons directly concerned for correction of or replying to articles appearing in newspapers or magazines, such corrections or replies shall be published in full within three days of the receipt of the application, in cases of a daily newspaper. In cases of other magazines, such applications shall be published in the next issue following receipt of such applications.

The sizes of the spaces and types of such corrections or replies shall be in proportion to the original article.

Chapter III - Books and Other Publications.

Article 15. Publishers shall at the time of publication of books or other publications, send two copies to the Ministry of Interior. The same applies to the revised editions.

In case the above publications contain articles pertaining to party principles and party affairs, a copy shall be sent to the publicity department of Central Kuomintang headquarters.

Article 16. Names and addresses of publishers, date of publication, location and name of publishing and printing offices shall be recorded on the last page of the publications.

Article 17. The preceding two articles do not apply to notifications, regulations, reports, catalogues, handbills, advertisements, programmes, statistics, certificates, tickets, and photographs.

Article 18. No handbills or slogans pertaining to political affairs shall be printed or published without the approval of the constabulary organs having jurisdiction.

Chapter IV - Limitation of Items for Publication.

Article 19. Publications shall not publish the following:

(a) Articles attacking Kuomintang or Three People's Principles.

(b) Articles attempting to subvert the National Government and prejudicial to the interest of the Republic of China.

(c) Articles endangering the public peace and order.

(d) Articles prejudicial to good morals.

CHINA (Political)

Subject: Press Law of the National Government of China.

Article 20. Publications shall not publish proceedings of litigations which are closed to the public.

Article 21. In war or unrest, or in other times deemed fit, the publications shall obey the orders of the National Government to stop publishing articles relating to military and diplomatic affairs.

Chapter V - Administrative Actions

Article 22. Local provincial governments or city governments may stop publication of newspapers or magazines, if such newspapers or magazines are published before applying for registration, according to Articles 7 or 8, or for entering incorrect statements during the registrations.

Article 23. The Ministry of the Interior may prohibit the sale and distribution of publications which the Ministry considers having published articles listed under Article 19, or violated provisions of Article 20. It also may order seizure of such publications in cases where it deems fit.

Such publications may be returned on application by the publishers after avoiding such offences.

The Ministry of the Interior may issue corrections and warnings should the offences under Section I be considered slight.

Article 24. The Ministry of Interior may ban from importation newspapers or magazines published outside this country.

The local provincial government or the city government may order the seizure of newspapers or magazines banned from importation under the preceding section.

Article 25. The local provincial government or the city government may order seizure of newspapers or magazines which continue publication after violating Section I of Article 41.

Article 26. The original impressions of the seized books may also be seized in cases where it is deemed fit.

Provisions under Section 2 of Article 23 may be applied to the seized original impressions.

Chapter VI - Scale of Punishment.

Article 27. A punishment of a fine of not more than 200 yuan may be imposed upon newspapers or magazines which are published before applying for registration, under Articles 7 or 8.

Article 28. Persons listed under Article 10, who publish or edit newspapers or magazines shall be punished with a fine of not more than 200 yuan.

Article 29. Publishers who violate provisions of Section I of Article 11 shall be punished with a fine of not more than 100 yuan.

Article 30. Publishers of publications which failed to have statements provided under Article 12 or 16, or incorrect statements, shall be punished with a fine of not more than 200 yuan.

CHINA (Political)

Subject: Press Law of the National Government of China.

Article 31. Publishers violating provisions of Article 31 and failing in sending newspapers or magazines, shall be punished with a fine of not more than 100 yuan.

Article 32. Editors violating provisions of Article 14 shall be punished with a fine of not more than 200 yuan.

Article 33. Publishers violating provisions of Article 15 and failing to send books or other publications shall be punished with a fine of not more than 100 yuan.

Article 34. Printers or publishers violating provisions of Article 13 shall be punished with a fine of not more than 100 yuan.

Article 35. Publishers, editors, authors and printers who violate provisions of Article 19 shall be punished with imprisonment of less than one year, or detention and a fine of not more than 1,000 yuan. If other laws provide heavier punishment, such provisions will be applied.

Article 36. Publishers, editors, authors, and printers who violate provisions of Article 21 shall be punished with imprisonment of less than one year, or detention, or a fine of not more than 1,000 yuan.

Article 37. In cases of newspapers or magazines, only the authors who signed their names to the articles are held liable for punishment under Article 35. The same applies to Article 36.

Article 38. Persons who publish newspapers or magazines of which publication has been ordered stopped, according to Article 22, shall be punished with a fine of not more than 200 yuan.

Article 39. Publishers who violate provisions of Article 23 shall be punished with imprisonment of less than one year or detention or a fine of less than 1,000 yuan. Persons who knowingly sell or distribute such publications shall be punished with imprisonment of less than six months, or detention and a fine of less than 500 yuan. Those who violate provisions of Section I of Article 24, and those who knowingly import or sell or distribute such publications shall be punished according to the above Section.

Article 40. Persons obstructing the execution of orders for seizures according to section I of Article 23, Section 2 of Article 24, or Article 25 or Article 26, shall be punished with imprisonment of less than six months or detention and a fine of less than 500 yuan.

Article 41. Newspapers or magazines may be suspended from publication if their offences are considered too serious for the punishment provided under Article 35.

Publishers violating provisions of the preceding section shall be punished with imprisonment of less than one year or detention and a fine of less than 1,000 yuan. Those who knowingly sell or distribute such newspapers or magazines shall be punished with an imprisonment of less than six months or detention and a fine of less than 500 yuan.

G-2 Report

3000 - Government
General

CHINA (Political)

Subject: Press Law of the National Government of China.

Article 42. The provisions of recidive and concurrence of offences of the Criminal Code of the Republic of China are not applicable in this law.

Article 43. The offences under this law are limited at one year, on expiration of which such offences are barred from prescription.
Offences under Articles 35 or 36, prescription starts on date of publication.

Article 44. This law is in force on date of promulgation.

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

NEB

Distribution:

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1 File

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CHINA (Political)

Subject: Press Regulations.

RECEIVED G/2 W. D. OCT 12 1929

The following Press Regulations were adopted by the Central Executive Committee on September 5, 1929:

(1) Pending promulgation of a publication law all the daily papers shall be registered in accordance with the present regulations.

(2) The organs for the registration of daily papers shall be the publicity departments of provincial and district Kuomintang organizations, but district Kuomintang offices may be authorized to undertake registration for their provincial party organization. Final examination of applications for registration shall be done by the publicity department of the Central Kuomintang.

(3) Registration matters in connection with those dailies which are under the direct control of the central government or receive subsidies from the latter shall be undertaken by the central publicity department, but the higher party offices of the districts concerned shall be notified.

(4) When a paper, which is neither government-controlled nor government subsidized, gets registration from the central publicity department, it is exempt from registration in the party quarters of the district where it is published, but it shall notify the latter of its registration with the central publicity department and be subject to its supervision.

(5) The proprietor of a paper seeking registration in the local party office must fulfil the following requirements: (1) Sign a bond; (2) submit a file of the paper for the latest month; (3) fill a registration form; (4) answer all the questions put by the registrar.

(6) In case reactionary comments appear in a paper after registration has been granted, registration may be withdrawn and publication forbidden on the complaint of the party offices of the district concerned and after a higher party organization has found that the charges against the paper are founded. The final decision in the matter, however, rests with the central publicity department.

(7) In cases where a paper has been denied registration or fails to apply for registration, the local party office may petition the central publicity department for suppression of the paper.

(8) The time of registration for each district shall be determined by the central publicity department with special regard to local conditions.

John Magruder
Major, General Staff
Military Attache

AMERICAN LEGATION 4-1

OFFICE OF THE MILITARY ATTACHE
PEKING, CHINA.

OFFICE OF CHIEF OF STAFF
MIL. INTEL. DIV.
JUN 26 52-I-8520

May 6, 1930

WAR DEPARTMENT

No. 7721

Subject: Statement Relative to Formation of New Government.

To: A. C. of S., G-2, War Department, Washington, D. C.

RECEIVED G/2 W. D. JUN 6 - 1930

1. Transmitted herewith are two clippings of a prepared statement to the press by Mr. Chu Ao-hsiang, Chief of the Department of Foreign Affairs of the "Headquarters of the Land, Naval and Air Forces of China" in Peiping, relative to the formation of a government by the Northern opposition.

John Magruder

John Magruder
Major, Field Artillery (DOL)

2 encls.
elh

PARTY LEADERS ARRIVE

YEN TO BE HEAD OF GOVERNMENT WITH FENG AND WANG AS LEADERS OF CHIEF AND PARTY AFFAIRS RESPECTIVELY, DIPLOMATIC CHIEF TELLS PRESSMEN

Leftists And Other Factions Compose Their Differences; Nanking's Foreign Policy Assailed; 14 Provinces Supporting Northern Combination

Mr. Chu Ao-hsiang, director of the department of foreign affairs of the headquarters of Generalissimo Yen Hsi-shan, accorded an interview to foreign correspondents at the Waichiaopu building yesterday morning. (October 2.)

Text of Statement

The text of the statement which Mr. Chu made to the foreign correspondents yesterday morning follows:

1. New Government and Party

On account of the propaganda work of Nanking, the foreign public has generally been misled as to the real situation in China. I am very happy today to have the opportunity of meeting you here and explaining to you the real situation.

I have received telegrams from Marshal Yen authorizing me to state that he is working in perfect cooperation with Marshal Feng on the one hand and with Mr. Wang Ching-wei on the other. He has said he and Feng are like brothers and are determined to work together for the overthrow of Chiang Kai-shek. The various Kuomintang party leaders have also sacrificed their personal differences and have now agreed to organize an integral party in which all factions will be represented. All resolutions of the party will be passed by the majority of the members, and such resolutions will represent the opinion of the party as a whole. This integral party, now in the process of organization, will soon be completed. When it is completed, a new legal government will be created as soon as possible.

Marshal Yen rejects the idea of a military or provisional government. He desires a new legal and stable government in order to meet the wishes of the people. Marshal Yen has decided, and this decision has been approved by the party leaders, that a legal government must be organised and established in Peking on a solid basis and that all necessary formal procedures will be observed in its organization. They are now all working to that end.

2. Customs and Salt Revenue

With reference to the detention of the Customs and Salt revenues foreigners who are not familiar with the exact details of the case seem to have been much alarmed: it is to be noted that Marshal Yen has a perfect right to take this step as long as foreign interests involved therein are not jeopardised. I trust you will all agree with me that Marshal Yen's integrity and faith are beyond doubt with regard to international obligations, and in the past eighteen long years, he has never once disappointed his friends. Furthermore, it would be very unreasonable and illogical to impose upon the marshal on the one hand the responsibilities of preserving peace and order within his jurisdiction, while to deprive him on the other hand of his just rights therein. As a matter of fact, the Customs revenue [illegible] to pay to [illegible] Nanking government [illegible] them to [illegible] peace and order of the people.

Gentlemen, it is hardly necessary for me to impress upon you how corrupt the Nanking government has been for the past two years. Within that short period, it has spent money lavishly and contracted debts the amount of which exceeds the total amount of indebtedness incurred in the previous 37 years of the life of the Republic. Such a government is certainly the worst possible enemy of the nation. Do you think it can long survive?

We all know Marshal Yen always has a respect for the authority of the National government. If there had been any possibility of cooperation with Chiang Kai-shek for the betterment of the government and people, he would not have taken the present stand against him. Since Marshal Yen has at last decidedly taken such a definite stand, all of you may rest assured that the Nanking government is beyond hope of redemption.

3. The Chinese Eastern Railway Question

I am very glad to hear that Mr. Mao Teh-hui left yesterday for Moscow to settle the Sino-Soviet question. I must say here that the question could have been properly settled last July without necessarily going through the painful war with the attending heavy losses in lives and property, so dear to the people of the Three Eastern Provinces, in which Marshal Chang Hsueh-liang is very seriously affected.

Last July when the question of the Chinese Eastern Railway had just arisen, General Chiang visited Peking and asked me for my opinions. I submitted to him a memorandum in which I suggested the follow-

"China has been [illegible] and entered into the [illegible] reconstruction. As friend and adviser [illegible] to [illegible] her [illegible] treaties with foreign countries, especially with a neighbouring country. Geographically and historically China and Russia have very intimate relations. With reference to the Chinese Eastern Railway question, our ministry of foreign affairs must examine the question from a general international point of view. Firstly, we must consider what is the tendency of Great Britain, United States of America, France, Italy, Germany towards Russia. Secondly, we must consider that Mukden, being situated between Russia and Japan, what will be the attitude of Japan toward Russia and their relations and what will be the attitude of Japan towards China and their relations. Thirdly we must consider the great number of Chinese residents and their properties in Russia and in case of war what will be the relative gains and losses. And, fourthly, we must also consider what are the effective measures to be taken by our police in order to prevent Soviet propaganda in our territory".

At that time, the Harbin local authorities, being greatly enraged by the Soviet infringement of our authority in the Chinese Eastern Railway, were only too anxious to have an order from the central government to seize the railway by force. Knowing such being the circumstances, the central government ought to have proceeded with extreme precaution in making its decisions in order to avoid serious consequences.

Since May 1924 Moscow had refused to open a conference with China after one month of the signing of the Sino-Soviet Agreement as stipulated therein on the ground that China was not yet unified; therefore it refused to fulfil the obligations of the Sino-Soviet Agreement. But this was simply a pretext and could be easily dealt with. China was then unified. We could have proposed to Moscow to open the conference in accordance with the provisions of Article 2 of the Sino-Soviet [illegible] that agreement. And other pending questions [illegible] Outer Mongolia, navigation, and the limitation of the frontiers might also be discussed in the conference according to the agreement.

[illegible] Moscow have refused our proposal, we could still have put our case before the world and appeal for justice. In this way, we could have won the sympathy of friendly nations because we stand for respect to and good faith in international agreements.

Later Dr. C. T. Wang, minister of foreign affairs of the Nanking government, also came to Peking in July. He and Chiang Kai-shek discussed the Chinese Eastern Railway question together, and they preferred to adopt a drastic and high-handed policy. They gave instructions to the Harbin authorities to expel the Soviet general manager and assistant manager from Chinese territory, thus creating a state of war between the two countries, which caused the Three Eastern Provinces to sustain great losses in men and money. In the end, Nanking shirked its responsibility and placed the blame on the Mukden delegate, Tsai Yun-sheng.

I remember at that time foreign opinions were very adverse to China's actions, and favorable to the Soviet. But you must know that at that time Nanking was plotting to extend its authority into the Three Eastern Provinces. In order to achieve their purpose they wished to diminish the strength of Mukden. Therefore they did not hesitate to stir up a foreign war. However, they never dreamed that their plot would fail to achieved their purpose; the only result they have obtained is the hatred of the whole nation.

Mr. Muo Teh-hui is one of the clear-minded and able men of the Three Eastern Provinces and I am sure if he is given a free hand his mission will be successful.

4. Sino-Japanese Tariff Agreement of Reciprocity.

It is reported in recent telegrams from the South, that the Sino-Japanese Tariff Agree-

[illegible] I do not know what [illegible] the exact contents of the agreement. I am not inclined to believe the truth of the report. Japan has [illegible] commercial interests in this [illegible] and Marshal Yen has always taken a just and friendly attitude towards Japan. Because he knows deeply Japan's need of China's cooperation in her economic life. If Japan wishes to develop her commercial and economic interests and wins the good will and goodwill of the Chinese people, I am sure she would not want to alienate the feeling of the Chinese people by taking advantage of China's present situation to obtain [illegible] advantages.

In conclusion, I must say that I read with regret the report published in certain Chinese and foreign papers that the Hankow [illegible] authorities [illegible] grave [illegible]. General Chiang has spent millions of dollars in equiping his armies only for his personal aggrandisement, while the lives and property within his jurisdiction are not given the proper protection. It is also a deplorable fact that banditry troubles in the South have never been seriously dealt with by the Nanking government. The outrages committed by the bandits are too well known and they are still allowed to perpetrate their crimes without hindrance.

G-2 Report

4-1

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
MAY 24
WAR DEPARTMENT

CHINA (Political)

Subject: An Interview With Mr. Chu Ao-hsiang, Commissioner of Foreign Affairs for Yen Hsi-shan.

RECEIVED G/2 W. D. MAY 22 1930

Mr. Chu Ao-hsiang called on April 23, and discussed the present situation. Following is a resume of the more important features of the interview:

Mr. Chu stated that the reports being circulated by Nanking relative to the growing friction between Feng and Yen are purely propaganda. His reports from Taiyuanfu were to the effect that the two leaders are working in complete harmony. The Nanking statements regarding the attitude of Chang Hsueh-liang, likewise, were branded as propaganda. Mukden, he said, not only would not assist Chiang Kai-shek but was secretly favorable to the formation of a new government.

The most recent Shansi delegates arriving from Mukden informed Mr. Chu that Chang Hsueh-liang reiterated his former position which, in effect, was that as a defense against the manipulations of Russia and Japan, he was forced to pretend his allegiance to Nanking——in order to be able to shift responsibility to the Central Government when the local pressure becomes too great. When the proposed government was formed in Peking he would declare his adherence to the new regime. In the meantime the international situation forced him to avoid an outwardly independent status. The Young Marshal spoke quite frankly of his unchanging antipathy for the Kuomintang, and offered as proof his effective suppression of all vital activities of the Party in Manchuria.

Mr. Chu presented the well known views of all the advisers surrounding the Young Marshal as further evidence of the latter's true position. This office is familiar with the anti-Nanking feeling of such men as Wellington Koo, Lo Wen-kan and Sheng Jui-lin, who are close to the Young Marshal.

When asked about the military situation, Mr. Chu stated that he was not familiar enough with military matters to speak of them intelligently.

As to the political situation, he spoke confidently. Feng Yu-hsiang, he said, was given full authority to direct the military campaign; Yen was in control of civil administration and head of political affairs; while Wang Ching-wei was in charge of Party matters. Without hesitancy Mr. Chu said that the Northern leaders were wholly antagonistic to the Kuomintang as presently constituted. If the opposition movement succeeds in setting up a new government, the party organization would be so modified that it would lose all of its present significance. For the present, however, the Northern leaders are forced to avail themselves of the anti-Chiang Party cliques. The name of the Party and the opposition personnel in the Party must still be employed. Yen asserts that the Kuomintang must become an "integral party" or all-inclusive party, and that it must permit constitutional methods of government to become operative immediately.

(This point was difficult to develop, but I gathered that Yen has in mind retaining the name as a symbol only. He would permit and recognize opposition within the Party but that the majority opinion of the Party would be considered mandatory——law. In other words, Yen would simply dub the <u>whole body politic of China</u> the Kuomintang. Within the body politic are, and should be expected to be, several radically different factions, each of which could be represented in the governing body. At

CHINA (Political)

Subject: An Interview With Mr. Chu Ao-hsiang, Commissioner of Foreign Affairs for Yen Hsi-shan.

present dissenters against the favored clique are simply expelled. Yen undoubtedly is striving for a representative body—whatever its name—and however difficult of accomplishment. He is believed to be struggling, vainly perhaps, for a form of government which will prevent too great powers residing in the individual. Dr. Sun thought he had found it in the committee system borrowed from Russia.)

Mr. Chu said that the present cooperative spirit at Taiyuanfu among the delegates of the extreme wings of the Party and the Northern leaders exceeded all expectations.

I asked him what the first step toward a civil regime was to be. He replied, "As you know, Yen is an extremely cautious man", and he is now hesitating between two alternatives; namely, (a) to form a more or less arbitrary, provisional government which will invite the members of the first two Kuomintang Congresses (less Chiang Kai-shek's adherents and communists) to a convention which, in turn, will elect a "legal" government; and (b) to assemble immediately the aforementioned Party convention to elect the "legal" government. In either event the government is to be established in Peiping, which will be re-named Peking.

The Kuomintang delegates in Taiyuanfu, he said, had no objection to the re-establishment of the government in the North. He added that six months ago, when the question of reconstruction of Nanking was brought up, Chiang Kai-shek had declared that appropriations were unnecessary since the capital could be returned to Peking when his military resubjugation of the North, planned for this summer, should be completed.

As to Chiang Kai-shek, Mr. Chu deplored the fact that his remarkable qualities were to be lost to China, because of his hopelessly dictatorial methods and other faults. "He has some strong qualities which it is a pity Yen Hsi-shan and Feng Yu-hsiang lack". He mentioned the frequently expressed analogy of Chiang and Yuan Shih-kai.

Yen's traditional regard for the security of foreigners was recalled. Mr. Chu added that Yen was particularly solicitous to maintain moderate and sound relations with the foreign powers. As an example, he spoke of the resistance which the Marshal had offered to the numerous suggestions that he intercept the Tientsin customs revenues. It was intimated, however, that after the formation of the new "National Government of China", the "surplus" customs revenues would be considered a revenue properly belonging to the regime. He did not say whether the demand would be for the proportionate share of surplus collected in territory actually held or for the total surplus customs revenues.

When I reverted to the military situation, Mr. Chu intimated that Feng Yu-hsiang would probably operate against Hankow rather than eastward toward Süchow. "Civil war is different from war between nations", he said, "in that in the latter one must defeat the army in the field. In China one must gain territory in order to obtain revenues and moral advantage". He said Chiang Kai-shek is so fearful of the safety of Nanking that he will have difficulty in reinforcing the Wuhan area.

Distribution:
4 MID
1 Legation
1 Tientsin
1 File

John Magruder
Major, Field Artillery

G-2 Report

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

CHINA (Political) 2657-J-378

Subject: Commercial Treaties and Agreements

WAR DEPARTMENT

Sino-French Treaty

RECEIVED G/2 W. D. AUG 26 1935

Attached hereto is an official translation of the Sino-French Treaty regarding relations in Indo-China. This was published simultaneously in Nanking and Paris on July 21, 1935, and brings to a successful conclusion the steps which were first instituted for tariff rates under the Franco-Chinese Convention of 1930, which took place during the regime of Dr. Wang Cheng-ting (C.T. Wang) as Minister of Foreign Affairs.

Source: Official English translation published by Central News Agency.

Joseph W. Stilwell

Joseph W. Stilwell
Lieutenant-Colonel, Infantry
Military Attache

1 encls. (1 copy only)

Distribution:
6 MID
1 File

From M/A, China Report No. 9175 July 30, 1935

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
AUG 28
WAR DEPARTMENT

PROTOCOL GIVES CERTAIN CONCESSIONS ARTICLES EXPORTED FROM TONKIN TO YUNNAN, KWANGSI AND KWANGTUNG

After Exchange of Ratifications

[illegible] official English translation [illegible] relations between China and France [illegible] China and the Notes exchanged [illegible] pursuant to a protocol dated [illegible]

The National Government of the Republic of China and the Government of the French Republic, animated by the desire to [illegible] which happily exist between [illegible] and to [illegible] commercial relations between [illegible] and Indo-China, have decided to [illegible] for this purpose:

The President of the National Government of the Republic of China:

His Excellency Dr. Chengting T. Wang, Minister for Foreign Affairs of the National Government of the Republic of China;

The President of the Republic of France:

His Excellency Comte de Martel, Ambassador, Envoy Extraordinary and Minister Plenipotentiary of the Republic of France to China, Commander of the Legion of Honour;

Who, having communicated to each other their respective full powers, found in good and due form, have agreed upon the following Articles:

ARTICLE I

The Sino-French Commercial Convention of Tientsin of the twenty-second day of the third moon of the twelfth year of Kwang Hsu (April 25, 1886), the Additional Commercial Convention, signed at Peking on the sixth day of the fifth moon of the thirteenth year of Kwang Hsu (June 26, 1887) together with the notes relating to this Convention exchanged at Peking on the third day of the fifth moon of the thirteenth year of Kwang Hsu (June 23, 1887), and the Supplementary Convention signed at Peking on the twenty-eighth day of the fifth moon of the twenty-first year of Kwang Hsu (June 20, 1895) are abrogated and ceased to be operative. The provisions of Articles 4, 5 and 6 of the Treaty of Tientsin of the twenty-seventh day of the fourth moon of the eleventh year of Kwang Hu (June 9, 1885) are also abrogated.

ARTICLE II

The city of Lungchow of Kwangsi and those of Szemao, Hokou and Mengtze of Yunnan shall remain open to the trade across the land frontier of China and French Indo-China.

ARTICLE III

The Chinese Government may send consuls to Hanoi or Haiphong and to Saigon, cities of French Indo-China, and the French Government may continue to send consuls to the localities mentioned in the preceding Article.

The heads and acting heads of consulates and vice-consulates, as well as the members of the consular service shall be nationals of the country which appoints them. They shall not engage in commerce or industry.

ARTICLE IV

Chinese nationals entering the territory of French Indo-China and French nationals of Indo China entering the territory of China must be pro-

[illegible] shall have the right [illegible] and engage in [illegible] commerce. The [illegible] accorded to them [illegible] exercise of such right [illegible] with the [illegible] force in [illegible] French Indo-China, shall in no way be less favorable than that of the nationals of any other Power.

The nationals of China in French Indo-China and the French nationals in the above specified Chinese localities shall not be subjected to any imposts or contributions [illegible] or other than those to which nationals of the most favored nation may be subjected.

ARTICLE V

Chinese goods exported from any Chinese port and transported without transhipment or with a through bill of lading to the Provinces of Yunnan, Kwangsi or Kwangtung and using the territory of Tonking, shall enjoy a preferential treatment and shall not be subjected to the transit duty of the general tariff.

They will only pay a duty of 1% *ad valorem*.

Likewise, Chinese goods exported from the Provinces of Yunnan, Kwangsi and Kwangtung to any authorized destination and using the territory of

to the general tariff.

of any kind, ...

...materials, arms and ... which the Contracting ...

territory of Tonking shall be ... from all duties ...

Indo-China ... and ... ing transported ... the transportation of troops ...

...ply between Lang Son and Caobang by way of the ... Kai, Ki-Kong, Long Pien Giang, ... Such vessels ... and the goods transported on them in transit shall be exempted from the payment of any duties or dues levied in China.

ARTICLE VII

The two Governments reciprocally undertake not to establish upon the importation, exportation or transit of goods from one country to the other any prohibitions or restrictions which are not immediately applicable to other countries.

The two Governments, however, reserve to themselves the right of imposing any prohibitions or restrictions upon the importation, exportation or transit of any goods from one country to the other for reasons of national defence and national food supply, for the protection of art objects and scientific properties, for the prevention of epidemics or epizooties, for the protection of harvests, for the maintenance of public morality or government monopolies, provided that such prohibitions or restrictions are justified by absolute necessity and shall be applicable to any country or countries under the same conditions.

ARTICLE VIII

The Chinese Government in the Provinces of Yunnan, Kwangsi and Kwangtung and the French Government on the territory of French Indo-China shall not levy under any pretext whatsoever upon goods respectively imported or exported by French or Chinese nationals excise duties or internal taxes other or higher

...

refuge on the territory of ... French Indo-China ... the French nationals ... of crimes or ... committed in ... French Indo-China and ... refuge on the territory of China ... at the request of the ... authorities concerned and ... ed for investigation and ... conditions, it being understood ... that exception will be made of ... all cases in which according to ... international usage extradition ... is not effected.

ARTICLE X

The present Convention shall be in force for a period of five years. Either of the High Contracting Parties may notify the other six months before the expiration of the said period, of its desire to revise or terminate the Convention. In case both Parties fail to notify each other in time of their desire to revise or terminate the Convention, it shall continue to be in force, provided, however, that at any time after the expiration of the said five-year period either Party may notify the other of its desire to revise or terminate the Convention, which shall then become null and void one year after the date of such notification.

The present Convention with its annexes shall be ratified as soon as possible and the exchange of ratifications shall take place in Paris. It shall be promulgated in Indo-China and shall come there into force at the same time as in the three Provinces of Yunnan, Kwangsi and Kwangtung, two months after the exchange of ratifications.

ARTICLE XI

The present Convention has been drawn up in Chinese and French, both texts having been carefully compared and verified.

In faith whereof the respective Plenipotentiaries have signed the present Convention in duplicate and have affixed thereto their seals.

Done at Nanking this sixteenth day of the fifth month of the nineteenth year of the Republic of China, corresponding to the sixteenth day of May, nineteen hundred and thirty.

(L.S.) (Signed) CHENGTING T. WANG

(L.S.) (Signed) D. DE MARTEL

...ing Article ...
...ions to ... developing ... between China and French Indo-China, the Chinese articles exported from Yunnan, Kwangsi and Kwangtung, enumerated in List A attached hereto and the articles included in the list annexed to the Sino-French Tariff Treaty of December 22, 1928 shall enjoy the minimum tariff upon their importation into French Indo-China when they are transported without transshipment or with a through bill of lading.

"They shall enjoy this tariff so long as the rates of the Chinese National Tariff of 1929 remain unincreased with respect to French and Indo-Chinese articles exported from French Indo-China without transshipment or with a through bill of lading to Yunnan, Kwangsi and Kwangtung and enumerated in List B attached hereto."

...
...consideration.

(Signed) D. DE MARTEL

His Excellency
Dr. Chengting T. Wang,
Minister for Foreign Affairs,
Nanking.

NANKING, May 16, 1930.

Monsieur le Ministre,

I have the honour to acknowledge the receipt of your note of today which reads as follows:

"Referring to Article VIII of the Convention which we signed this day, I have the honour to confirm to you that with a view to developing the trade between China and French Indo-China, the Chinese articles exported from Yunnan, Kwangsi and Kwangtung, enumerated in List A attached hereto and the articles included in the list annexed to the Sino-French Tariff Treaty of December 22, 1928 shall enjoy the minimum tariff upon their importation into French Indo-China when they are transported without transshipment or with a through bill of lading.

"They shall enjoy this tariff so long as the rates of the Chinese National Tariff of 1929 remain unincreased with respect to French and Indo-Chinese articles exported from French Indo-China without transshipment or with a through bill of lading to Yunnan, Kwangsi and Kwangtung and enumerated in List B attached hereto."

Your Excellency, on the ...

Please accept, Monsieur le Ministre, the assurances of my high consideration.

(Signed) CHENGTING T. WANG

His Excellency
Comte de Martel,
Envoy Extraordinary and Minister Plenipotentiary of the Republic of France to China,
Nanking.

ANNEX II

NANKING, May 16, 1930.

Monsieur le Ministre,

Referring to Article V of the Convention we concluded this day, I have the honour to assure you that the Chinese nationals in French Indo-China shall enjoy the same treatment with respect to laws, jurisdiction and procedure in civil, criminal, fiscal and other matters, as the nationals of any other country.

Please accept, Monsieur le Ministre, the assurances of my high consideration.

(Signed) CHENGTING T. WANG

His Excellency
Comte de Martel,
etc., etc.

NANKING, May 16, 1930.

Monsieur le Ministre,

I have the honour to acknowledge the receipt and take note of your communication of today's date which reads as follows:

"Referring to Article V of the Convention we concluded this day, I have the honour to assure you that the Chinese nationals in French Indo-China shall enjoy the same treatment, with respect to laws, jurisdiction and procedure in civil, criminal, fiscal and other matters, as the nationals of any other country."

Please accept, Monsieur le Ministre, the assurances of my high consideration.

(Signed) CHENGTING T. Wang

His Excellency
Comte de Martel,
etc., etc.

ANNEX III

NANKING, May 16, 1930.

Monsieur le Ministre,

Referring to Article V of the Convention concluded this day, I have the honour to inform you that the French Government does not regard the provisions of the said Article as preventing it from levying in French Indo-China taxes applied to Chinese nationals and incidental to the exercise of special rights and privileges

(Signed) D. DE MARTEL

His Excellency
Dr. Chengting T. Wang
etc., etc.

NANKING, May 16, 1930.

Monsieur le Ministre,

I have the honour to acknowledge the receipt of your note of today's date regarding the question of taxes incidental to the exercise of special rights and privileges traditionally enjoyed by Chinese nationals in French Indo-China.

I beg to inform Your Excellency of my accord on this matter, provided that the taxes mentioned therein are also applicable to nationals of any other Power admitted in Indo-China to the benefit of the same privileges and rights as those traditionally enjoyed by Chinese nationals.

Please accept, Monsieur le Ministre, the assurances of my high consideration.

(Signed) CHENGTING T. WANG

His Excellency
Comte de Martel,
etc., etc.

ANNEX IV

NANKING, May 16, 1930.

Monsieur le Ministre,

Referring to Articles II and III of the Convention concluded this day, I have the honour to confirm to you that it is understood that the present status shall be maintained in regard to French nationals in the cities of Kwanmin (Yamsanfu), Nanning and Tungshing and that the French Government may continue to send consuls to the above-mentioned cities.

As regards the lease by French nationals in these localities of immovable property in conformity with the laws and regulations in force, I undertake to take the necessary steps for the promulgation of regulations permitting the contracting of leases of the same duration as those stipulated in the provisions actually in force in ports opened by the Chinese Government where the conditions are most favourable. It is well understood that these regulations will be promulgated and put in force at the same time as the present Convention.

Please accept, Monsieur le Ministre, the assurances of my high consideration.

(Signed) CHENGTING T. Wang

His Excellency
Comte de Martel,
etc., etc.

... Excellency's ... date ...

... conformity with the laws ... regulations in force.

... put in force at the ... the present ...

NANKING, ... 1930.

Monsieur le Ministre,

Referring to ... French Nationals ... May 29, 1923 ... Treaty, Regulations ... Police Convention ... 1919, complementary ... of September ... April 7, 1915 ... concerning ... I have ... you that the ... the two parties ... treatments considered ... should be made in regard to ... the provisions of those agreements, in order to facilitate the application of these regulations and arrangements, the validity of which, it is understood, is not affected.

I propose that, to that effect, the two Governments respectively appoint a delegate to proceed to the discussion provided above, within three months after the coming into force of the Convention Regulating the Relations between

proper should be made in certain of the provisions of these agreements, in order to facilitate the application of these regulations and arrangements, the validity of which, it is understood, is not affected.

"I propose that, to that effect, the two Governments respectively appoint a delegate to proceed to the discussion provided above, within three months after the coming into force of the Convention Regulating the Relations between China and France concerning French Indo-China and the adjoining Chinese Provinces.

"The draft agreement between these two delegates shall, previous to its execution, be subjected to the approval of our two Governments."

I beg to inform Your Excellency that I am in accord with you on the points set forth in the above-mentioned note.

Please accept, Monsieur le Ministre, the assurances of my high consideration.

(Signed) D. DE MARTEL

His Excellency

Dr. Chengting T. Wang,
etc., etc.

Note Concerning Electric Communications

NANKING, May 16, 1930.

Monsieur le Ministre,

Referring to the Conventions and other arrangements or regulations establishing the present system of telegraphic communications, including

knowledge the receipt of Your Excellency's note of today's date which reads as follows:

"Referring to the Conventions and other arrangements or regulations establishing the present system of telegraphic communications, including wireless telegraphy, between Indo-China and the adjoining Chinese Provinces, I have the honour to propose to you that by agreement between the parties concerned adjustments considered proper should be made in certain of these provisions.

"It is understood that such an adjustment has to do with details and that its sole purpose is to facilitate the application of the above-mentioned documents, the validity of which is not affected.

"I propose that, to that effect, our two Governments respectively appoint a delegate to proceed to the discussion provided above, within three months after the coming into force of the Convention Regulating the Relations between China and France concerning French Indo-China and the adjoining Chinese Provinces.

"The draft agreement be-

[illegible] you have [illegible] state the point of [illegible] French Government [illegible] the honour [illegible]

[illegible] Chengting T. Wang.

[illegible] accept, [illegible] Ministre, the assurances [illegible] high consideration.

(Signed) CHENGTING T. WANG

His Excellency
Comte de Martel,
etc., etc.

[illegible] from [illegible] that [illegible] has no [illegible] privileges the Chinese [illegible] of the benefit of [illegible] which they now enjoy [illegible] the territory of French Indo-China."

Please accept, [illegible] Ministre, the assurances [illegible] high consideration.

(Signed) CHENGTING T. WANG

G-2 Report

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OFFICE CHIEF OF STAFF
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DEC 23 1930

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2657-D-399

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WAR DEPARTMENT

CHINA (POLITICAL)

Anti-Japanese Propaganda -- Chinese School Song

RECEIVED G/2 W. D. DEC 19 1930

While recently in Sung Chia Ying, a village near Sha-cheng north of the Wall on the Peiping-Suiyuan Railroad, the Assistant Military Attache found on the blackboard of the local school house the following song, which is submitted in translation.

It constitutes a hymn of hate against the Japanese and is required to be sung every morning by the school children of Sung Chia Ying. Upon investigation it is learned that this song is being sung daily by school children all over China.

2657-D-399 1/1

It is believed that in connection with the Primer lessons submitted in Report No. 7867, which have a general anti-foreign tone, sufficient evidence is at hand to indicate the steps the Kuomintang and the National Government are taking to pervert the minds of youth throughout the nation. In the event of differences with any foreign government, the Chinese may be expected to adopt this means of propaganda to excite the national sentiment.

Tsinan Murder Case

"In the early part of May of the Seventeenth Year
The Revolutionary Northern Expedition
Captured Shantung and arrived at Tsinan.
Everywhere they rejoiced that the revolution
Had been so promptly won.
The people welcomed it, the whole world rejoiced!
The people welcomed it, the whole world rejoiced!

"The Japanese, pigmy slaves,
On the pretence of protection for their people,
Sent their troops within Tsinan's walls,
Without excuse murdered Chinese people!
Without excuse murdered Chinese people!

"The Government sent Ts'ai Kung-shih
To negotiate with these pigmy slaves.
They took his ears, they took his nose,
And cut them off.
Every day there was slaughter!
Every day there was slaughter!

"Our innocent countrymen!
Ai ya! Ai ya! Tears fall!
Our innocent countrymen!
Ai ya! Ai ya! Tears fall!

"Quick! Quick! Quick! Quick!
Band ourselves together, revenge ourselves
Upon the pigmy slaves, our enemy!
Quick! Quick! Quick! Quick!
Band ourselves together, revenge ourselves
Upon the pigmy slaves, our enemy!"

PGT/edb
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For the Military Attache

Parker G. Tenney

Parker G. Tenney
Captain, Field Artillery
Assistant Military Attache

From M/A China, Report No. 7868 Nov. 14, 1930

4-1

OFFICE CHIEF OF STAFF
DEC 28 1931
WAR DEPARTMENT

CHINA (POLITICAL)

Propaganda in Chinese Elementary and Middle School Textbooks

At the instigation of Captain Parker G. Tenney, Assistant Military Attache, an examination and collection of Chinese textbooks has been made for the purpose of investigating the extent of anti-foreignism being inculcated into Chinese school children.

Those books containing examples of the doctrines which are drilled into the minds of Young China are forwarded herewith; pages containing passages thought pertinent to the subject are marked.

Translations of certain parts are given herewith to indicate the tenor of the propaganda.

These books are edited by the Ministry of Education at Nanking and no textbook may be sold without their approval; most of these textbooks carry the Ministry's chop and copy of the authority for issue on the back cover page.

Although several publishing houses issue textbooks from which a choice may be made for any of the grades, the general plan for a thorough grounding in anti-foreignism is carried throughout.

These textbooks are used in the primary and middle schools, that is, during the first twelve years of study.

Since all schools are subject to periodic inspection by government authorities, textbooks approved by the Ministry of Education must be used.

In general it may be said that school children are taught from the first to look upon only the harmful side of Western infiltration into China, that no foreign power has ever assisted China and that all are set upon despoiling the country through military force and economic pressure. Particular emphasis is laid upon concessions, extraterritoriality and spheres of influence.

The chief targets singled out are Japan and Great Britain, though France and Russia are mentioned at length. The United States, while classed as an imperialistic nation, receives only "inclusive" comments.

Before giving examples it may be remarked that a Chinese child, were it capable of thought on the subject, could only become ashamed of its country after studying these texts. China, to the Westerner, reading these passages, cannot but appear as a great, pudgy jellyfish, scarcely deserving of sympathy even from its own nationals.

There are inaccuracies and inconsistencies throughout, proving aside from the subject matter, that it is intended as propaganda. To mention but two, in discussing Customs the author of one of these texts states that the Powers agreed to changes in the Customs rates when likin was abolished; there then proceeds a wail against China's bondage, but no mention is ever made of the fact that likin was not abolished or that new Customs rates have been promulgated. A more amusing highlight is found in a review of the history of Chinese commerce in which Chinese sea supremacy over the Arabs and other Chinese imperialistic triumphs are mentioned with naive pride.

From M/A China Report No. 7867 Nov. 19, 1930

The following are very free translations of some chapters appearing in the afore-mentioned textbooks:

<u>The Three Principles Lesson Book</u> -- Extracts:

"Concessions" - Chapter Five.

In 1897, Germany forcefully occupied Tsingtao and forced China to sign a ninety year lease treaty. Afterwards Russia in like manner obtained lease of Port Arthur, and Dairen, which were turned over to Japan after the Russo-Japanese War. England then got a lease of Wei Hai Wei, and France leased Kwangchouwan. By this method, our country has lost nearly all its good harbors. Now Tsingtao has been recovered, but so far none of the others.

"Foreign Goods" - Chapter Six.

Chao San I's mother bought two pieces of foreign cloth. The father said, "Why did you again buy foreign goods?" The mother replied, "Our own cloth is not good looking, and moreover is expensive, so for that reason I bought foreign goods." The father sighed and said, "When we buy foreign goods, we enrich the foreigner and send our money out of China. Doing this, surely China will always be poor."

"Foreign Control of Customs" - Chapter Seven.

Chao San I asked, "Why is it that foreign goods are so inexpensive?" His father replied, "China cannot fix the customs rates according to her desires. The rates are fixed by foreigners and are very low, so their goods can be sold here very cheaply. Chinese goods cannot compete. Everywhere the markets of local goods have been encroached upon."

Other chapters explain what a protective tariff is, how foreign banks have influenced and aided development of foreign trade, how all the shipping is in the hands of foreigners. One chapter describes how the world powers have all seized small weak countries as colonies, and says that if China does not develop the patriotic and nationalistic ideals she is in great danger of becoming a colony ruled by another power.

The following chapters are taken from the 6th and 7th volumes of the Reader used by third or fourth grade pupils.

"Map of China's Shame" - Lesson Twelve.

A map of China has the appearance of the leaf of a mulberry tree. But the leaf seems injured and not whole. On the west and south, several pieces seem to be bitten off, and in the east and north, there are also parts that have been eaten away. Even in the center, small holes have appeared. We know that the mulberry leaves are eaten by the silk worm, and from them the worm produces silk, which is beneficial to mankind. We also know that what has eaten away our territory are the Imperialists. But unlike the silkworm, they do not bring benefits, but only oppress the people, and disturb the peace of the world.

Little friends, if you love your country, make yourself a map of its territory, painting in lurid colors the parts that have been taken from us. Thus will you all realize and be grieved.

"Port Arthur" - Lesson Sixteen.

Port Arthur on the southern point of the Liaotung Peninsula is a fine natural harbor and a point of great strategic value for a national

naval base. After the Russo-Japanese war, it became the property of Japan. If we were to visit Port Arthur, two very surprising sights would meet our eyes. The first is the large monument, commemorating the success of the Japanese, the other is a cemetery of ten thousand Japanese soldiers, all killed in the three days' battle of Port Arthur. After the battle the corpses were all gathered together and buried in several large graves, which were named the "Burial Ground of Ten Thousand". But think of how many, many more of the sons of our motherland were harmed in this war!

We can stand on the shore, and gaze over the waves, rippling in the light breeze, -- we can see the seagulls soar and dip, and the sailboats moving to and fro. The beauty of it stirs our souls. On the beach at our feet are many beautiful little quartz rocks, which we can pick up and carry away.

Alas, Port Arthur once our own land -- now we can do no more than pick up a few crystals on the beach. How deeply we should be grieved and mourn this loss!

"Commerce Lessons, Book IV" - Page 20.

The Powers Force Open Ports by Military Pressure

After explaining the meaning of a port and that its regulation rightfully belongs to the country in which situated, the text reads, "but the majority of Chinese ports have been forced open by the military pressure of the Foreign Powers; the sovereignty of them, therefore, has largely fallen into the hands of foreigners."

The purpose in opening Chinese ports, since they have been forced open, is lost sight of, and those ports voluntarily opened have also been the object of interference by the Foreign Powers. The latest example cited is the Tsinanfu case. Tsinan is a voluntarily opened port, yet in the 17th year during the Northern Revolutionary Expedition, Japan on the pretence of protecting her nationals sent soldiers to Tsinan, delimited an area of 20 li, killed our soldiers and ruined public and private property to an extent beyond estimate.

At present the ports in China, whether forced open or voluntarily opened, number more than one hundred. The Powers use them as a base for commerce, the spread of Capitalism and have accomplished the so-called "spheres of influence" in China. For example, along the Yangtze, British commercial interests are most numerous; therefore the British have a special influence there; in the Three Eastern Provinces, Japanese merchants are most numerous; hence, Japan has special influence in this area. These special influences, if not immediately wiped out, will unstabilize our country and cause it to disappear from the face of the earth.

To do away with special influences in China, which includes the return of sovereignty in treaty ports and the retrocession of concessions, and to abolish extraterritoriality, are particularly urgent necessities.

Foreign control, in the concessions, of police power and city government is an impediment to the unification of our government; foreigners judging mixed cases again is but breaking up the consolidation of our laws.

TDW:CJK/edb

For the Military Attache

Parker G. Tenney

Parker G. Tenney
Captain, Field Artillery
Assistant Military Attache

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G-2 Report

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1931
WAR DEPARTMENT

CHINA (Population & Social Conditions)

Subject: Newspaper Correspondents in Peiping.

RECEIVED G/2 W. D. APR 29 1931

AMERICAN PAPERS

Mrs. D. C. Bess Legation Street E. 2762	Christian Science Monitor	Unbiased. Avoids crime and scandal news. Chiefly uses Associated Press service.
	New York Times	Unbiased. China service handicapped by Government's attitude towards Mr. Abend.
	Detroit News	Unimportant.
D. C. Bess Legation Street E. 2762	United Press	Unbiased. Excellent service.
J. L. Butts 5 Tsao Chang Hutung. E.3643	Chicago Daily News	Unbiased. Peiping office being closed.
Charles Dailey Wagons-Lits Hotel	Chicago Tribune	Unbiased.
John Goette Ta Fo Ssu E. 3022	International News	A Hearst paper. Very little China news.
E. Hunter 29 Chiang Tsa Hutung	Consolidated News	Unimportant.
H. J. Timperley 32 Chun Shu Hutung. E.3315	Associated Press	Unbiased. An excellent service. Relies a great deal on Reuters Limited.

BRITISH PAPERS

Mrs. L. T. Beddow 57 Sui An Po Hutung. E.3245.	News-Chronicle	Unimportant.

From M/A, China Report No. 7972 March 18, 1931

CHINA (Population &
Social Conditions)

Subject: Newspaper Correspondents in Peiping.

BRITISH PAPERS -cont'd

P. D. Evans 6 Tung Chang An Chieh. E. 1412	Reuters Limited	Unbiased. An excellent service. Pro-British.
John Goette Ta Fo Ssu E. 3022	Daily Express	Unimportamt
George Gorman Ex-Austrian Legation. E. 3216	Daily Telegraph	Unbiased.
L. Impey 9 Tsao Chang Ta Keng	Morning Post Daily Mail	Unimportant. A sensational sheet.
C. M. McDonald 32 Chun Shu Hutung E. 3315	The Times	Unbiased. Represents the strong "die-hard" British view.
H. J. Timperley 32 Chun Shu Hutung E. 3315	Manchester Guardian	Unbiased. Pro-British.
	North China Daily News.	Chiefly missionary. Prints more China news than any other paper. Very pro-British but unbiased.
	Melbourne Herald	Unimportant
	Sydney Sun	Unimportant

JAPANESE PAPERS

Office on San Tiao Hutung	Osaka Mainichi	One of the best papers in Japan. News generally reliable.
Mr. Fuse	Nippon Dempo	Affiliated with United Press. China service not to be relied upon too much.

CHINA (Population &
Social Conditions)

Subject: Newspaper Correspondents in Peiping.

JAPANESE PAPERS- cont'd

Mr. T. Matzmura	Rengo News Agency	Has interchange with Associated Press. Is a semi-official Japanese agency. Very violent and unreliable.
	Asahi Shinpun	Very good paper. News generally reliable.

CHINESE NEWS-SERVICE

Mr. J. C. Sun	Kuo Wen News Agency	A good service. Tries to be unbiased.

M E Margetts

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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M.I. INTEL. DIV.
JAN 17 1931
2657-9-40
WAR DEPARTMENT

J-1

Foreign Newspaper Correspondents

RECEIVED G/2 W.D. JAN 16 1931

Because of the fact that the American and English public forms its views of China from the expressions of a very small group of men, it is necessary to know something about these men, to examine their fitness for the task and their sources of information. It is usual for an Englishman to represent American as well as English newspapers and for an American to represent English papers as well as those of his own country, and in a general way the news reaching the United States and that reaching Great Britain is much alike.

It is probably not generally realized that the main source of information available to these correspondents is the Legations. Every morning they "make the rounds" and are told what the various Legations wish to tell them. There is no "open sesame" to the news caves of China. They, in distinction to the various foreign governmental agencies, are for the most part ignorant of the Chinese language, know very little of the culture and customs, and depend for their views on foreigners better informed than they are themselves. Only one, as far as is known, has made any attempt to master the language, and he is still in the initial stages of study.

As a whole, they are an intelligent and honest group, broad minded and eager to grasp and interpret what they can of movements in China. Not infrequently they are biased. One is tinged with radicalism, one with die-hardism, and while they are honest their news has a slant due to their own convictions.

But each of them must send news. It was the editor of the New York Sun, I believe, who said that a dog biting a man was not news, but that a man biting a dog was a scoop. Unfortunately, perhaps, there are not many dogs being bitten in China. But each of these men must make his reports readable and interesting -- and what more easy when your public is uninformed of your subject, and almost everything about which you write readily absorbs color. So when the Mayor of Peking some time ago decreed that women should have their hair bobbed, the news went out in such a way that readers over the world believed that short locks were a fait accompli. There are bobbed heads in Peiping, but the percentage is small. It is a truism that if the newsmen stuck strictly to the verified news, cut out all sensational matter and news of doubtful authenticity, they would be recalled. Their sources are limited, and their knowledge of China more limited.

This office, for instance, has available reports from Consuls all over China, who in turn are kept informed by various Americans and friendly Chinese in their Consular districts. Trade Commissioners in the various larger centers report to the Legation. Returned students keep in touch with the Legation, and arrangements have been made so that Standard Oil agents from all over China report on political and military affairs to this office. Other Legations here have practically the same sources, and in general we are given the cream from them.

No newspaper man has available a tenth of this information. When Shanghai correspondents reported to the United States in August that Chang Hsueh-liang was going to move troops inside the Wall they were making a guess that happened to prove correct. We have been reliably informed that during August Chang had not made up his mind to move troops himself, although there were plenty of rumors to that effect in Peiping.

From M/A China Report No. 7904 Dec. 15, 1930

In reading news about China in the American papers, readers should realize that the writer is generally paid by the column, and that while he is honest and conscientious, he is handicapped by having a sensation-craving public, an insatiable paper, and lack of modern news-gathering facilities.

PGT/edb

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

Distribution:

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G-2 Report

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MAR 14 1931

2657-9-402

2

WAR DEPARTMENT

CHINA (Population and Social Conditions)

Subject: Temporary Regulations Governing Suppression of Bandits by the National Army.

RECEIVED G/2 W. D. MAR 13 1931

(Passed by the Legislative Yuan in its 53rd Meeting on October 8, 1929.)
(Promulgated by the National Government on October 15, 1929.)

Article 1. Based upon the principles of reorganization and disbandment, the National Military Reorganization and Disbandment Commission hereby specifically promulgates regulations governing the suppression of bandits by separate districts so as to eliminate bandits from infested districts within the shortest period.

Article 2. Provincial Governments shall first and immediately report, in detail, to the Reorganization and Disbandment Commission the administrative conditions in their respective provinces and the areas most often molested by outlaws, so that these areas may be delimited and troops distributed, at their discretion, for suppression.

Article 3. Banditry Suppression Districts are defined as where Reorganization and Disbandment Districts or Sub-Districts under their control are delimited by the Reorganization and Disbandment Commission as banditry suppression districts. Those which are not subject to the Reorganization and Disbandment Districts or Sub-districts under their own control shall be considered as a district each of the provinces.

Article 4. The aforementioned districts shall be divided into a number of banditry suppression areas or banditry suppression sub-areas. Troops quartered in these districts shall take action when banditry exists, and their stations in the Banditry Suppression Areas or Banditry Suppression Sub-areas shall also be reported in detail to the Reorganization and Disbandment Commission.

Banditry suppression troops stationed in the Banditry Suppression Areas or Banditry Suppression Sub-areas shall still retain their old designations and organization and may not change same.

Article 5. If no order of mobilization is received, troops under control of the Reorganization and Disbandment Commission shall remain at their present garrison stations to share the obligation of banditry suppression.

Article 6. When large bodies of robbers and outlaws exist and the military strength in the affected area shall be insufficient to cope with the situation, a petition shall be submitted to the Reorganization and Disbandment Commission, who will in turn transfer troops from the nearest station for cooperation.

Article 7. In case of an uprising occurring locally, the Provincial and Municipal Governments shall, on the one hand, apply directly to the Reorganization and Disbandment District or Sub-districts under its direct control and/or to offices of the Banditry Suppression Sub-areas, asking their nearest troop station for assistance;and on the other hand, they shall telegraphically report to the Reorganization and Disbandment Commission for action. Upon receipt of this request from the Provincial and Municipal Governments, the nearest troop station shall immediately assume the responsibility.

From M/A, China Report No. 7936 February 10,1931

CHINA (Population and
Social Conditions)

Subject: Temporary Regulations Governing Suppression of Bandits by the National Army.

Article 8. When robbers and outlaws appear on the borders of two provinces, the districts concerned shall cooperate in suppression. If necessary, the Reorganization and Disbandment Commission will temporarily send a special delegate to direct suppression.

Article 9. Banditry Suppression Districts shall necessarily be cleared of all bandit disturbances in their respective areas within a period of six months, commencing on the date upon which the receipt of these regulations is acknowledged.

Article 10. When outlaws wish to be disarmed and to become loyal people, they may be allowed to reform and be exempted from punishment, but military organizations are strictly prohibited re-enlisting them at whatever time and place.

Article 11. Reorganization and Disbandment Districts or Sub-districts under their direct control and all provinces shall comply with the order to suppress bandits within the appointed time, and shall separately report progress, in detail, to the Reorganization and Disbandment Commission.

Article 12. Members who render aid in the suppression of bandits are divided into usual and unusual classes. Those who rendered unusual aid will be recommended from time to time by the chief authorities for reward, and those who rendered usual aid will be separately recommended for reward by a collective report after the completion of banditry suppression.

Article 13. When troops are inefficient in the suppression of outlaws or encourage and conspire with outlaws and/or molest local inhabitants, etc., they shall be punished and dealt with according to the provisions described under Punishment and Reprimand in Regulations Governing Banditry Suppression.

Article 14. When officers and enlisted men are wounded and killed in the suppression of bandits, the chief authorities concerned shall separately request compensation according to the Compensation Regulations of the Ministry of Military Affairs.

Article 15. The Districts concerned shall cooperate with the Provincial and Municipal Governments in dealing with banditry in their own districts.

Article 16. With the exception of the provisions as described in Rules Governing Banditry Suppression Expenditure, troops responsible for the suppression of bandits are furnished with expenses which will be disbursed as formerly. They shall not set up other organs for disbursement of additional funds and, furthermore, will not be allowed to secure support or practise extortion locally.

Rules governing banditry suppression expenditure shall be decided by the Reorganization and Disbandment Commission.

CHINA (Population and Social Conditions)

Subject: Temporary Regulations Governing Suppression of Bandits by the National Army.

Article 17. Apart from actually carrying out banditry suppression measures in accordance with these regulations, troops shall still be at liberty for diligent training and shall be ordered strictly to maintain military discipline and deportment.

Article 18. The present regulations shall be enforced from the date of promulgation.

NOTE: In connection with the date of promulgation of these regulations and the time limit set for bandit eradication, it is interesting to note that the time limit set by the most recent mandate is June 30, 1931.

Trans: PGT/SHL

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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G-2 Report

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
FEB 25
2657-D-40 Sec 1
WAR DEPARTMENT

CHINA (Population and Social Conditions)

Subject: Regulations Governing Banditry Suppression.

RECEIVED G/2 W. D. FEB 25 1931

(Passed by the Legislative Yuan in its 44th Session on August 31, 1929.)
(Promulgated by the National Government on September 17, 1929)

Chapter 1 - General Rules

Article 1. In order to effect complete eradication of bandits in the country and to carry out political training, the National Government hereby promulgates regulations governing banditry suppression.

Article 2. With the exception of large bodies of bandits which require suppression by troops and of regulations which have been specially provided elsewhere, matters in connection with the suppression of local bandits shall be conducted in accordance with provisions of these regulations.

Article 3. From the period of the enforcement of the present regulations, local governments are given three months to complete all affairs, commencing on the date upon which the receipt of this despatch is acknowledged.

Article 4. When local governments shall be unable to complete punctually matters stated in Article 2 of these regulations, a petition will be submitted requesting an extension of time which, however, may not exceed a period of six months at the most.

Chapter 2 - Organs and Authorities.

Article 5. Provincial Banditry Suppression Headquarters shall be established in all provinces at places where the Provincial Governments are located. District Banditry Suppression Stations shall be established in all districts at places where the District Governments are located. When necessary to establish sub-stations, precincts may establish Banditry Suppression Sub-Stations according to local conditions.

Article 6. The Provincial Banditry Suppression Headquarters shall have a Chief, an Assistant Chief and an Administrative Chief, which posts shall be concurrently held by the Chairman of the Provincial Government, Chief of the Department of Civil Affairs and Chief of the Provincial Police Department, respectively. The District Banditry Suppression Station shall have a Chief and an Assistant Chief, which posts shall be concurrently held by the District Magistrate and the Chief of the Bureau of Public Safety, respectively, and a number of assistants, who shall be appointed by the District Magistrate from among the local gentry; and in the case where there is established a Banditry Suppression Sub-station, the command shall be concurrently held by the Precinct Chief or his assistant.

Article 7. Rules governing organization of the Provincial Banditry Suppression Headquarters, the District Banditry Suppression Station and the Banditry Suppression Sub-Station, and the scope of business transactions, shall be drawn up by the Provincial Governments.

CHINA (Population and
Social Conditions)

Subject: Regulations Governing Banditry Suppression.

Article 8. The Chief, Assistant Chief and Administrative Chief of Provincial Headquarters, and the Chief, Assistant Chief and assistants of the District Station as well as the Chief of Sub-Station, shall all serve without remuneration, but clerks and writers of these different organs will be paid in accordance with local custom.

Article 9. The Provincial Government shall issue separate seals to the Provincial Banditry Suppression Headquarters and to the District Banditry Suppression Stations and Sub-Stations, and a report covering same will be submitted to the Executive Yuan for record.

Article 10. Banditry Suppression Sub-Stations in the district shall on each fifth day report to the District Banditry Suppression Station the condition of banditry suppression in their respective precincts; District Banditry Suppression Stations shall render half-monthly reports to the Provincial Banditry Suppression Headquarters on the condition of banditry suppression in their respective districts; and the Provincial Banditry Suppression Headquarters shall render monthly reports on the condition of banditry suppression in their respective provinces to the Ministry of the Interior and to the Executive Yuan for transmission to the National Government.

Article 11. The Provincial Banditry Suppression Headquarters shall, during the period allotted to the suppression of bandits, appoint delegates to inspect conditions and inquire into the results accomplished by the Banditry Suppression Stations and to give directions for the purpose of stimulating further action.

Article 12. In areas which are bounded by A and B provinces assistance shall be mutually rendered and mutual responsibility shall not be avoided by excuses.

Article 13. At important points on water and land routes and during the period allotted for the suppression of bandits, guard-houses shall be established by the Banditry Suppression Stations. At these points strict searches will be made of all passengers but no extortion shall be practised. Those who commit the same will be severely punished.

Article 14. The District Banditry Suppression Stations shall from time to time investigate minutely bandit conditions in their respective territories and report to the Banditry Suppression Headquarters. In case these stations are situated in a banditry suppression area, they shall, on the other hand, report to the military commander in that Banditry Suppression Area in order to hasten the suppression.

Article 15. On being asked for assistance by the Banditry Suppression Stations, the locally quartered troops shall proceed without delay and refusal.

CHINA (Population and
Social Conditions)

Subject: Regulations Governing Banditry Suppression.

Article 16. When outlaws are captured by Banditry Suppression Stations, they shall be tried thoroughly by the District Station Chief. With the exception of important culprits who shall be dealt with according to provisions of the Regulations Governing the Punishment of Robbers and Outlaws, and whose cases shall be reported to Headquarters for transmission to the Provincial Government for action, those in connection with civil and criminal cases will be separately turned over to the judiciary court to be dealt with according to law.

Article 17. Suspected criminals or those who have been induced or forced out of the right course may be allowed to surrender voluntarily and released on guarantees. It is still necessary that the Banditry Suppression Stations shall from time to time supervise the conduct of the above-mentioned persons who have furnished guarantees. In case of improper action committed or escapes, they shall be arrested and pursued forthwith, likewise the guarantors will be treated in the same manner.

Article 18. The District Banditry Suppression Stations, after having completed all matters of the suppression of bandits in their districts within the period limited, shall request the Banditry Suppression Headquarters to send delegates to make a general inspection. The Provincial Banditry Suppression Headquarters, after having completed all matters pertaining to the suppression of bandits in their provinces within the period limited, shall, apart from reporting to the Ministry of the Interior for record, submit a petition to the Executive Yuan for transmission to the National Government for a general investigation.

Chapter 3 - Formation and Investigation.

Article 19. In accordance with the formation of precincts, villages and towns, Lu and Ling, passed in the Organic Law of Hsien (district), the District Banditry Suppression Stations, together with the chief authorities concerned, shall make an investigation in all houses. In areas where this formation has not been completed the investigation shall be made under the old organization, and after the investigation such areas shall be reorganized as soon as possible in order to facilitate future investigation.

Article 20. When the investigation is taking place, census lists shall be prepared and filed. Special attention should be given outcoming residents and tramps; and a duplicate census list shall be prepared in order to facilitate frequent investigations. Rules for the taking of census as well as regulations concerning the form of the list shall be promulgated by the Ministry of the Interior.

Article 21. Upon the completion of the investigation, a list of house numbers will be made and the joint guarantee bonds of neighbors collected, so as to carry out the methods of joint guarantee. The form of the bond and the regulations governing same shall be decided by the Ministry of the Interior.

CHINA (Population and
Social Conditions)

Subject: Regulations Governing Banditry Suppression.

Article 22. When census investigation is taking place, arms shall also be searched for. Those arms which are used for self-defense by the inhabitants, retired police and soldiers, or public officers and/or lawful groups, and which have been examined and branded and for which certificates have been issued, shall be examined once again according to the original record. Newly purchased arms shall be also examined and branded within five days in order to issue certificates, and those damaged shall be carefully examined for cancellation. After this investigation, in the event of the discovery of fire-arms which are not branded and for which no certificates have been issued, such fire-arms shall be dealt with according to regulations governing the storage of unauthorized articles.

Article 23. When census investigation is taking place, in the event of discovery of arms deposited by robbers and outlaws or deserters whether police or troops, apart from confiscating the same, the holders shall be dealt with according to regulations governing the storage of unauthorized articles.

Article 24. The branded and confiscated arms shall be separately listed and reported to the Banditry Suppression Headquarters for examination.

Article 25. All improper groups or assemblies in the District territories shall be altogether dissolved by the Banditry Suppression Station. After subsequent investigation has been thoroughly made, it will organize the defense corps according to the Law of Hsien (District) Defense Corps.

Chapter 4 - Expenditures.

Article 26. Efforts should be made by the Provincial Banditry Suppression Headquarters and the District Banditry Suppression Stations and Sub-Stations to exercise economy in the disbursement of funds allotted by the Provincial and District Officials. The District Banditry Suppression Stations and Sub-Stations shall at the close of each month submit to the Banditry Suppression Headquarters, for examination and transmission to the Provincial Government, a statement of accounts giving the number and amount of disbursements; likewise, the Provincial Banditry Suppression Headquarters shall at the close of each month submit a detailed statement of disbursements to the Provincial Government.

Chapter 5 - Reward and Compensation.

Articly 27. Members who render efforts in the suppression of bandits are divided into usual and unusual classes. Those who rendered unusual efforts will be recommended from time to time by the chief authorities for reward, and those who rendered usual efforts will be separately recommended for reward by a collective report after completion of banditry suppression.

CHINA (Population and
Social Conditions)

Subject: Regulations Governing Banditry Suppression.

Article 28. A report by the chief authorities concerned for compensation according to regulations shall be made of police and troops who have been wounded and killed in the suppression of bandits, giving individually circumstances of death.

Chapter 6 - Punishment and Reprimand.

Article 29. In the event of persons responsible for the suppression of bandits who conspire with and protect robbers and outlaws and who practise extortion and corruption, the chief authorities of banditry suppression shall report such cases for punishment.

Article 30. Persons responsible for the suppression of bandits who leisurely follow the ordinary routine when a case calling for action has occurred, or persons who shrink back at the critical moment, shall be separately punished and dealt with by the chief authorities of the Banditry Suppression.

Chapter 7 - Supplementary.

Article 31. The Ministry of the Interior may from time to time petition for revision of the above regulations to cover any incompleteness which may exist.

Article 32. The present regulations shall become effective from the date of promulgation.

Trans: PGT/SHL/elh

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

No. 6968

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893.00 P.R./2657-3-4/5

WAR DEPARTMENT

AMERICAN CONSULAR SERVICE.

American Consulate General,
Shanghai, China, July 22, 1941.

Subject: Report of Mr. Justice Feetham to Shanghai Municipal Council.

The Honorable
Nelson Trusler Johnson,
American Minister,
Peiping.

Sir:

1/ I have the honor to enclose a copy of a self-explanatory despatch No. 7751 of this date, with enclosures, from this Consulate General to the Department of State in regard to the subject above mentioned.

Respectfully yours,

Edwin S. Cunningham,
American Consul General.

Enclosure:
1/- Copy of Shanghai Consulate General despatch No. 7751, with enclosures.

A true copy of the signed original

893.00
810.1

In Triplicate.

No. 2257

AMERICAN CONSULAR SERVICE.

American Consulate General,
Shanghai, China, July 28, 1931.

Subject: Report of Mr. Justice Feetham to Shanghai Municipal Council.

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

Sir:

I have the honor to refer to this Consulate General's despatches No. 7885 of April 30, 1931, No. 7901 of June 19, 1931, and No. 7944 of July 15, 1931, transmitting Volumes I, II and III respectively of the report of the Honorable Mr. Justice Feetham, C.M.G., to the Shanghai Municipal Council. For the sake of convenience this report has been issued in three volumes, appearing about April 24th, June 16th and July 1st respectively. The report is divided into six parts: Parts 1, 2 and 3 are embodied in Volume I, Parts 4 and 5 in Volume II, and Part No. 6 in Volume III.

So far as the records of this office disclose, the inception of the appointment of a representative to report on a method to avoid the friction which has grown up between the International Settlement and the Chinese administered area was as set forth in this office's telegram of December 2, 1930, 4 p.m., to the American Legation. The object of a special representative to

investigate

investigate conditions is very well stated in the second paragraph of that telegram, which quotes the telegram forwarded by the Shanghai Municipal Council to the Prime Minister of South Africa, as follows:

"Owing by sheer problem of reform in International Settlement which hampers long cherished policy of happy relation to which British and American Governments are still committed Municipal Council anxious remove obstacles which Chinese Government urgently wants Immediate aid of advisor free from pressing commitments or bias by the combined judicial municipal and political experience Hon. In view of his record in Johannesburg, India Ireland Ireland and on the South African bench Council beg you to place at their disposal services Judge Feetham for one year all expenses involved to be met by Council Stop Your Government as well detached from Far Eastern controversies is exceptionally situated to render this aid in unravelling knot at centre of China's tangled relations with foreign powers Stop Hope most urgent."

Mr. Justice Feetham arrived on January 15, 1930, to undertake his arduous duties. He concluded his report and departed from Shanghai on June 30, 1931.

A finer selection of a man to study the question and, if possible, to suggest a method of removing the friction existing between the International Settlement officials and Chinese authorities could not possibly have been made. Mr. Justice Feetham has devoted his entire time and energies to the work in hand; he has attempted to view the causes of friction from every standpoint; he has discussed the various questions with Chinese and with foreigners; so far as can be ascertained he made no discrimination. He has left behind a reputation for judicial consideration of the matters in question which should be the envy of anyone in a judicial position. It was not believed to be

possible

possible for any foreigner to gain the confidence of the Chinese to the extent that Mr. Justice Feetham did. The facilities extended to him by civilians and officials, irrespective of nationality, could not have been greater. Whether he has mapped out a way whereby the friction can be reduced is a matter of opinion.

This office's despatch No. 6920, dated January 30, 1929, to the American Legation (to the Department No. 6926 of the same date) stated:

> "I hope he will succeed, though many obstacles doubtless will be presented. It is feared the Chinese have no desire to remove the causes of friction but by an attitude of abstention will endeavor to secure greater control than they have at present, thereby creating greater friction between the International Settlement and their own officials."

I do not consider that subsequent developments, even after the appearance of Mr. Justice Feetham's well considered and most able report, justify the modification of the view expressed at that time.

Shortly before the departure of Mr. Justice Feetham members of the Municipal Council gave a farewell dinner in his honor. The usual laudatory address was made by the Chairman, a Britisher, in introducing Mr. Justice Feetham. A further introduction was made by that prominent Chinese business man, Mr. Yu Ya-ching, who has done a great deal as a member of the Municipal Council, and even before he became a member of the Council, to maintain cordial relations between foreigners and Chinese. A copy of his address, as published in THE NORTH CHINA DAILY NEWS (British) of June 27, 1931, is enclosed. This speech was cordial enough but it was remarkable for its

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failure

failure to make any statement which could be regarded as endorsing the report, even by implication. Mr. Yi Yu-ching was a member of the Council when the invitation was extended to Mr. Justice Feetham; he is said to have supported the proposal, and one cannot but feel disappointed that in bidding farewell to Mr. Justice Feetham, Mr. Yi Yu-ching did not give his work a more substantial endorsement than was contained in his speech of farewell.

Volume I of the report, comprising three parts, is devoted to an introduction giving the original scope and method of inquiry and sets forth the general plans and arrangements of the report. Part 2, being historical and descriptive, represents an immense amount of research work and the reading of thousands of original documents; it is thorough and complete and in every way most useful from a historical standpoint and formed a basis for the study that Mr. Justice Feetham had in hand. The third part covers the business interests in Shanghai in a most interesting and useful manner. Volume I is of estimable value. It will be a recognised authority for all time to come, as no one will ever again undertake so thorough a study of the history and development of business interests in Shanghai as Mr. Justice Feetham did. This is a monument to his memory and will be regarded for all time as an authentic history of the development of the International Settlement. Too strong commendation cannot be given this volume.

Volume II, comprising Parts 4 and 5, contains state-

ments

ments received on political and administrative questions and comments thereon from various organizations in Shanghai. In reply to a questionnaire Mr. Justice Feetham prepared, interesting comments were received from all of the various foreign Chambers of Commerce, as well as from leading Chinese organizations having as their objective civic work. Part 5 discusses the main questions affecting the future of the Settlement. It makes proposals which Judge Feetham believes will contribute to the harmonious administration of the International Settlement in its relations with the Chinese administered area. There is no question but that every suggestion which is made regarding the future administration of the Settlement would inure to the benefit of the people. There is no doubt that with the adoption of all of the various suggestions made by Mr. Justice Feetham the administration would be vastly improved. He emphasizes that the new administration must be a Sino-foreign partnership if the best results are to be obtained. There is no branch of the municipal administration that he does not touch upon and his suggestions, if practicable, are exceedingly valuable. To carry out even the more important suggestions, it would be necessary to receive a new charter, as it would not be possible under the Land Regulations.

A local observer summarizes the second volume rather well when he says that Justice Feetham has said to the foreigner, in substance:

> You have built a wonderful city on what was eighty years ago but a mud flat; you have administered it remarkably well; you have been fairly honest; you have contributed much, in the way of sanitation, streets and public utilities, toward the development of the city

and

and the happiness of its residents, both Chinese and foreign. Your administration is commended, but it will be necessary to change your organic law if Shanghai is to be developed to its best advantage.

To the Chinese he says:

> You have shown no administrative ability; you have not profited by the wonderful example of municipal administration which the International Settlement has given you; you have not shown that you are capable of administering a large city like Shanghai, and it is my opinion that you will not be for many decades.

So frequent have been the references to a new charter or an amended charter, that an inquiry was made of a high British official, soon after the publication of the report, as to whether Justice Feetham had any intimation that the Chinese would issue a new charter, would amend the Land Regulations, or would grant the changes in certain documents that the report suggested should be made. This official replied in emphatic terms "none whatsoever."

It will be recalled that since 1915 the foreigners have regarded it as an impractical proposition to ask that the Land Regulations be amended. Even the increased membership on the Municipal Council of first three, and later five Chinese representatives, was accomplished by acquiescence rather than by any attempt to amend the Land Regulations in order to increase the number of councilmen from nine to fourteen. This was accomplished merely by the exchange of letters with reference to the selection of Chinese members, between the Senior Consul and the Commissioner of Foreign Affairs. Probably no view has been more firmly fixed in the minds of the foreigners than that the Land Regulations could not be amended because the Chinese would not assent thereto. In

the

the case of the Mixed Court petition and the Special Court agreement, it was a petition of the court; the only safeguard left to the Shanghai Municipal Council was the control of the police force. In practically every other particular the court has become purely Chinese. Of course if similarly attractive inducements could be offered to the Chinese for the amendment of the Land Regulations or the issuance of a new charter, it is not improbable that it could be done, but Mr. Justice Feetham's report intends to retain in the foreign administration the dominant control for at least a decade, and therefore the inducements to the Chinese to modify the Land Regulations or issue a new charter are inadequate and unattractive. This being true, it is feared that the suggestions, excellent though they are, will go the way of other suggestions made by less able well-wishers for the future of the administration of the foreign area in Shanghai.

Volume III of the report has but 46 pages. It is devoted entirely to external roads areas. After the introduction a chapter is devoted to the "Origin and Development of External Roads System," a very thorough and complete study. A chapter is devoted to the "Existing Situation and Interests Involved," and the final chapter makes "Proposals for the Future" under a joint administration.

Joint Sino-Foreign Control: The extra-Settlement roads question contains more dynamite than any other point of friction between the International and the

Chinese

Chinese administrations. A small spark may easily cause an explosion which will create an incident in comparison with which the May 30th incident of 1925 will be as a spark to a huge flame. This belief is confirmed in paragraph 81 of the report, Volume III, page 32, where it is stated:

> "The Police of the Chinese Municipality stationed on the external roads are a disciplined body of men, and good relations normally prevail between members of this Force and members of the Settlement Police with whom they come in contact in these Areas. But, even so, there are obvious dangers incidental to a situation in which bodies of armed Police, owing allegiance to two separate authorities with competing claims for jurisdiction, seek to exercise police functions in the same area, and patrol the same roads; and difficulties are apt to arise when the Police of the Chinese Municipality seek to exercise authority in cases where individual foreigners are concerned, owing, in part, to a tendency of the Police to adopt a threatening attitude, which may probably be largely due to lack of experience and acquaintance with the foreigners' language. Apart from these dangers and difficulties, the present state of things is, by reason of the interruption of work required for the maintenance of the roads, and of the operations of the public utility Companies, highly inconvenient from the point of view of the interests of the general public, and cannot be regarded with satisfaction by either of the two authorities concerned."

As late as May 1925 the administration of public utilities on extra-Settlement municipal roads was not a serious matter. Controversy in this regard was brought up, and emphasized, by the demands resulting from the May 30th incident. No new external roads have been acquired or built since the end of 1925. The Chinese since that date, by a system of general attrition, have

brought

brought about joint administration. Dual control is dangerous. It requires no prophet to forecast an incident of a serious nature as the consequence thereof. The wonder is that six years should have elapsed, since the Chinese began to pinprick the foreigner by general attrition, without a serious incident.

It is most interesting to read Mr. Justice Feetham's chapter on the origin and development of administrative control, including the very accurate history of the policing of Bubbling Well and other extra-Settlement roads. The International Settlement, by the authority of the amended Land Regulations, met an emergency at a time when the Chinese were unable to do so, and continued to meet emergencies after the Chinese were able, but unwilling, to carry on. The extension of taxation on extra-Settlement roads is historically well covered.

It is interesting to note also the attitude as set forth by the report of the Chinese authorities toward extra-Settlement roads. Perhaps no sounder pronouncement was ever made by a Chinese official than that of Marshal Sun Chuan-fang on May 5, 1926, as indicating the Chinese official attitude at that date on the subject of extra-Settlement roads, a part of which is quoted in paragraph 47 on page 20 of Volume III of the report, but equally important, if not more so, is the statement made in the same address, in substance as follows:

> "That whenever this municipality is created, furnishing the facilities that the foreigner is doing, there will be no question in regard to the reclamation of the foreign settlements."

That

that is true and it is her special application when considering the extra-Settlement roads question.

It was hoped by those of us who have spent a great deal of thought and labor in endeavoring to find a solution of the extra-Settlement roads and concomitant questions, that Justice Feetham's report, because of his peculiar facilities for consultations with Chinese and foreigners, might contain a suggestion which would be acceptable to all concerned in the extra-Settlement roads question; it was hoped that, without revealing the sources of his information, his suggestion would be one which the Chinese would accept and, while not entirely acceptable to the foreigners would be, owing to the exigencies of the case, adopted by them. It is too early to determine whether this is true or not. In conversation with Justice Feetham on the evening of his departure and before the publication of the third volume of his report, he expressed the belief that his report would produce a condition which would enable the exchange of views on a sounder basis than had been possible in the past. He perhaps gives voice to that hope in the last paragraph of the report when he states:

> "I trust, however, that these proposals, together with the review of the past history and present position of the Areas, contained in preceding Chapters, in relation to which they have been framed, may be of assistance as affording, to some extent at least, a basis for negotiations; and I venture to express the hope that, once a scheme, whether temporary or permanent, for the administration of these Areas has been adopted by agreement, political considerations may be allowed to sink for the time being into the background, so that the administrative problems affecting the future of these Areas, and involving, in many important

respects

respects, the interests of the settlement and other adjoining areas, may be dealt with on their merits, in such a manner as will best conduce to the welfare of the entire population concerned, Chinese and foreign."

The proposals for the future discuss practical alternative agreements as follows:

"(1) Extension of the boundaries of the Settlement so as to include these Areas within the limits of the Settlement.

(2) Abandonment by the Council of the Settlement of any claim to share in the administration of these Areas, either in the capacity as the authority responsible for maintenance of the principal roads, or otherwise, and withdrawal of the Settlement Police and cessation of all Settlement administrative activities in these Areas.

(3) Division of the Areas between the Chinese Municipal Government of Greater Shanghai and the Council of the Settlement, a portion of the Areas being included in the Settlement, and the remainder becoming subject in every respect to the Chinese Municipal Government.

(4) Some form of joint administration of these Areas by the two authorities, the Chinese Municipal Government of Greater Shanghai and the Council of the Settlement working in co-operation.

(5) The creation of a new authority for the administration of these Areas."

Justice Feetham dismisses the first two points as

"Involving the surrender of legitimate claims and interests by one authority or the other."

The third states that it is

"Generally recognized that, while there may be much to be said for such a plan, from the point of view of simplicity and convenience, and while the opinion of many residents, both foreign and Chinese, in the areas affected, might be in favour of its adoption, Chinese opinion generally is adverse to any extension of the Settlement, and there is unlikely to be any marked change in the Chinese attitude on this point."

The

The report accepts the plan of joint administration. There are two proposals: Scheme A, temporary, and Scheme B of a more permanent nature.

The principal features of Scheme A are:

"(1) That the Council of the Settlement should be granted, as far as practical, administrative authority for the whole of Greater Shanghai, to enable it to exercise effective control of the Settlement roads and the land and properties abutting on such roads, as to which powers it exercises such control, with the exception of the Settlement Cemetery, which should remain under the control of Greater Shanghai a certain proportion of the revenues thus collected as a contribution towards the expenses of administering the adjoining areas which remain under the control of that Government, and of gradually developing such areas by the construction of roads, the provision of drainage, etc., in accordance with town planning schemes, to be prepared so far as possible by the two authorities acting in consultation, for the ultimate development of the Areas as a whole."

He suggests that it be understood that the scheme is to remain in force pending the establishment of the suggested new authority on the lines of Scheme B.

Scheme B is the creation of a new authority:

"The general character of the plan which I have in view is that a new Municipal authority should be created for the administration of these Areas, in the form of a Committee of Council consisting of:

(1) Nominees of the Mayor of Greater Shanghai;
(2) Nominees of the Council of the Settlement;
(3) Representatives of residents and property owners, foreign and Chinese, of the areas concerned;

[redacted]

The report says:

[redacted]

"While the proposal for widening [redacted] possibility to eliminate, in the first instance, in some particular area, through extensive action of the Board of the Chinese municipality of similar character, it would probably be necessary, for the purpose of consolidating it on a practical and more permanent basis, for a petition to be addressed to the National Government for a law, or charter, enabling the consolidation and conferring the necessary powers. The successful application of such a law or charter, providing a measure of self-government, may enable in opening the way to the ultimate adoption of a similar plan for the settlement."

The Chinese authorities have declared that the extra-Settlement roads are in Chinese territory and are subject to their sole control and administration. If it is necessary to secure a charter or a new law in order that the foregoing suggestions may be carried out, it is feared that nothing can be done along this line. Not only have the Chinese authorities declared that the sole administration of the extra-Settlement roads is in their hands, but they are by a process of pinpricking and general attrition acquiring public utility rights, building rights, the policing of roads, and most certainly are requiring the Shanghai Municipal Council to make application to the Public Works Department of the Municipality of Shanghai (Chinese administered area) for permits to make simple repairs to the roads. General attrition has gone too far to even have considered a proposal for a

[redacted]

new charter covering this area.

It is interesting to note the suggestions in regard to the police and the manner and competition of the authority for the administration of the extra-Settlement roads.

It is admitted that many difficult questions arise in regard to the creation of a new authority and it is obvious that time will be required before any satisfactory solution of such question can be reached, and since the Chinese are not relaxing their inroads by attrition, it is feared that before either Scheme A or B is consummated the extra-Settlement roads and consequent questions will have become a matter of history rather than a matter for negotiations between the Shanghai Municipal Council and the Chinese authorities. I sincerely hope this view is entirely too pessimistic, but I can see no reason for feeling otherwise, with the present Chinese temperament demanding all that they consider to be their rights, without the recognition of any rights acquired by prescription, or any rights that may be vested because of the expenditure of Taels 80,000,000, but keeping in mind the one object that the sovereign rights of China gave to them, rights to administer in every detail in complete disregard of the reasons for the joint authority.

Justice Feetham states in the last paragraph of his report that his proposals are of a tentative character but that he hopes they will afford a basis for negotiations which will remove friction.

At an early date I shall approach the Chairman of the Shanghai Municipal Council to ascertain what steps,

If

if any, are being taken to carry into effect the suggestions contained in this report, particularly in reference to extra-Settlement roads.

The first volume of the report was favourably reviewed by the Chinese press. The reviews were not exhaustive but friendly. THE CHINESE MASSES (a semi-official Chinese journal published in the English language) in its issue of April 29, 1931, in characteristic:

> "The long and eagerly awaited Haden Report on Shanghai has at last made its appearance in the form of a preliminary volume comprising a thirteen mile circumference survey of the vexing questions of the International Settlement. Coming as it does at the most critical moment when the National Government is concentrating its efforts on amicably negotiations with the various Powers concerned, the publication must be taken as especially significant as well as admirably timed. Indeed, it has been enthusiastically welcomed by the local press as the most workable exposition of the problem of Shanghai thusly profoundly to affect the history of the International Settlement, the history of which has never been adequately chronicled. Although no public enquiry has been conducted by the eminent jurist, it must be admitted that this voluminous document represents a painstaking and assiduous study of the subject and while no conclusion has (up to that point) been arrived at, summary comment must be deferred till a later occasion, which, indeed, the author himself has pleaded for."

After the appearance of the second volume the Chief of the Administration Bureau, at a meeting held at the Ministry of Foreign Affairs, speaking of Justice Feetham's report, declared that

> "The proposals outlined therein concerning the Settlement at Shanghai were diametrically opposite to the aspirations of the Chinese government and people.
>
> The speaker further stated that it was a particularly regrettable matter that the concluding part of the report says that the

retrocession

retrocession of the Shanghai settlement will not materialize until scores of years have elapsed." (From the SHIH SHIH HSIN PAO of June 30, 1931.)

THE CHINESE NATION, in its issue of June 26, 1931, after the appearance of the second volume, refers to the close connection between the existing system of municipal government and the system of extraterritoriality, and of the time which the report says is necessary to lapse before the retrocession of the Settlement, and continues:

"The above paragraphs seem sufficient to show that his conclusions will not in the least facilitate future negotiations between China and the Powers on subjects which form the problems of his inquiry. The programme of the Chinese Government is plainly to recover the existing foreign settlements and concessions within the shortest possible period. The present Foreign Minister has on more than one occasion declared that this task should be consummated in the very near future. On the other hand, according to the Judge, rendition of the International Settlement is not a question of years, but of decades. The general purpose of his arguments is to postpone rendition to a date as far distant in the future as possible. His conditions of rendition are not easily determinable. He hesitates to fix a minimum period of transition lest the minimum period should in popular estimation be taken as the maximum period. But his prudence in this regard has overlooked the Chinese suspicion of conditional promises - a fear which seems to be well founded in view of the extraterritoriality negotiations. Failure to allay this suspicion, to speak of nothing else, is sufficient to defeat the purpose of Judge Feetham's inquiry."

After the appearance of the third volume discussing the extra-Settlement roads, THE CHINESE NATION of July 15, 1931, commented as follows:

"The publication of Mr. Justice Feetham's report on the extra-settlement roads has again claimed for this long outstanding controversy a full share of the public's attention, whose memory incidentally is still fresh on the recent Haig Road affair. The impression that

[redacted]

It is true that THE CHINESE NATION, published in the English language, is for foreign circulation and therefore might be expected to express opinions in more definitely critical language than the vernacular press, but after carefully reading the criticisms of the vernacular press it is believed the foregoing quotations from THE CHINESE NATION are fair representations of the discussions in the Chinese press. Certainly there are more editorial comments concerning the first volume than there have been on the last

last two. The first volume contained less of a controversial nature than the last two. There are enclosed, 8/10/ as listed below, a number of editorials appearing in the local foreign press. All of the foreign newspapers discussed the report and the selection has been of those which seemed to be worth while. I particularly emphasize the editorial appearing in THE NORTH CHINA DAILY NEWS (British) of June 20, 1931, under the heading "A Different Light." This seems to be a more equitable commitment on of the report than is found in the others.

Respectfully yours,

Edwin S. Cunningham,
American Consul General.

Enclosures:

1/- Mr. Yu Ya-ching's address from THE NORTH CHINA DAILY NEWS of June 27, 1931.
2/- Editorial from THE NORTH CHINA DAILY NEWS of April 28, 1931.
3/- Editorial from THE CHINA PRESS of April 28, 1931.
4/- Editorial from THE CHINA PRESS of June 17, 1931.
5/- Editorial from THE NORTH CHINA DAILY NEWS of June 17, 1931.
6/- Editorial from THE NORTH CHINA DAILY NEWS of June 18, 1931.
7/- Comment on Report from THE NORTH CHINA DAILY NEWS of June 18, 1931.
8/- Editorial from THE NORTH CHINA DAILY NEWS of June 19, 1931.
9/- Editorial from THE NORTH CHINA DAILY NEWS of June 20, 1931.
10/- Editorial from THE CHINA PRESS of July 10, 1931.
11/- Editorial from THE NORTH CHINA DAILY NEWS of July 10, 1931.

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MR. YU YA-CHING'S ADDRESS

Last night at the Cathay Hotel the members of the Shanghai Municipal Council and of the various Council committees gave a dinner in honour of Mr. Justice Feetham, who is due to leave Shanghai after the completion of his report.

Fine tribute to Mr. Feetham's work in Shanghai, in writing a detailed history of the International Settlement and its problems with suggestions for the future, was paid by Mr. Yu Ya-ching, a member of the S.M.C. and one of Shanghai's leading business men. His speech was as follows:

Mr. Chairman, The Honorable Mr. Justice Feetham, Ladies and Gentlemen: I consider it a great honour to have been able to join so many leading members of the Shanghai community and my colleagues on the Municipal Council to bid farewell to Mr. Justice Feetham who has been with us for the past one year and a half and to testify to the high esteem in which Mr. Justice Feetham, in whom is found the rare combination of the analytical ability of a jurist and the creative talents of a statesman, is held not only by the foreign community but the Chinese as well. Mr. Justice Feetham in his capacity as expert adviser to the Council has been busily occupied during his brief sojourn in Shanghai in the stupendous task of investigating the status of the International Settlement and has produced as a great monument of his valuable work the copious report of three volumes. The problem of the status of Shanghai is as old as the Settlement itself, and to propound a solution of perfection is not to be expected from even such a personnage of Mr. Justice Feetham's undisputed eminence. The fact, however, that in a brief span of a year and a half Mr. Justice Feetham is able to give us the results of his difficult undertaking as symbolized by the voluminous and brilliant report he has made has left us with wonder and admiration.

Mr. Curtis' Visit Recalled

This joyous gathering we have here to-night reminds me of the happy moments we spent together

luminous and brilliant report he has made has left us with wonder and admiration.

Mr. Curtis' Visit Recalled

This joyous gathering we have here to-night reminds me of the happy moments we spent together at the farewell party in honour of Mr. Lionel Curtis, who was instrumental in bringing Mr. Justice Feetham to our midst, more than a year ago in which our honorable guest and most of us participated. Some seventeen months have elapsed since we bade farewell to Mr. Curtis and yet the happy time we had still lingers in my memory. Time flies faster than we realise, especially in our association with good friends.

Mr. Chairman has asked me to speak a few words as regards the impression I have on this momentous occasion. I think I have nothing to add to what I said at the farewell party in Mr. Curtis' honour, which I understand Mr. Justice Feetham has freely taken into his report as representing Chinese aspirations for Sino-foreign co-operation. In furthering Sino-foreign co-operation, shall I add, the essential thing we must have is broad vision and bold concession as typified by the recent action of President Hoover in proposing war debt moratorium. This action of President Hoover is suggestive of the significance of international co-operation in a question of common concern, and it is in this same spirit that we can hope to solve the questions confronting this cosmopolitan city of Shanghai.

Prosperity and Cooperation

When Mr. Justice Feetham first came to Shanghai, the first thing that engaged his immediate attention was how to draft a scheme which can meet the Chinese aspirations and yet at the same time maintain the existing prosperity of the city. I think we should not be satisfied only with the vindication of the present state of prosperity in Shanghai but should work to accelerate its future progress. And we should endeavour to carry out the cause of Sino-foreign co-operation as long as it does not affect the sovereignty of China. If you permit me to speak as an idealist, I shall say we should labour to further international understanding on the basis of self-determination to pave the way for world peace so that a commonweath of nations, a league of nations in its real sense, will ultimately appear.

Ladies and gentlemen, allow me to ask you to drink to the health and prosperity of Mr. Justice Richard Feetham, to bid him bon voyage and to assure him that Sino-foreign co-operation which he has so much emphasized in his report will be a sine qua non to the prosperity of this great city which we are going to maintain and to promote.

[illegible] No. 1 to despatch No. 7757 of March 5, from the American Consul General at Shanghai, dated June 21, 1926, on the subject: "Report of Mr. Justice Feetham to Municipal Municipal Council."

Editorial from THE NORTH CHINA DAILY NEWS (Shanghai) of April 26, 1926.

North-China Daily News

IMPARTIAL, NOT NEUTRAL.

SHANGHAI, APRIL 26, 1926.

THE ASSESSMENT

In considering the first instalment of Mr. Justice Feetham's Report it is obviously necessary to avoid comment which might be interpreted as attempting to deduce the line of suggestion which will be eventually revealed in the second and final instalment to be issued in three weeks' time. This first instalment is, in fact, an assessment of the "complicated problem of the future status of the International Settlement". It contains very definite expressions of opinion, but it studiously steers clear of any indication of the scheme by which Mr. Justice Feetham proposes to solve that problem. Inferences might be drawn from certain passages, deductions could be made from findings on which special emphasis seemed to be laid. Yet, in the absence of the connecting link between the assessment and the actual recommendations, to be revealed at the proper time, such efforts might grievously err; they would assuredly tend to introduce an unsatisfying controversial note before the whole picture was available. These considerations are strongly reinforced by the eminent Judge's own plea, as set out in his covering letter to the Chairman of the Municipal Council. That plea asks the public

> "...to exercise patience a little longer, and not to draw any hasty inferences, based on the present Volume, as to views and proposals which will be contained in the next."

The report comes out at a moment which, without any straining of language, can be described as dramatic. In Nanking the discussions of the proposed abolition of extraterritoriality appear to be reaching a climax. The inquiry, which Mr. Justice Feetham has so industriously brought to a conclusion, arose directly out of the Council's appreciation of the "important relation" of the extraterritoriality issue to that of the future of Shanghai. The temptation to quote from the [illegible] that nothing should be said or done to weaken the authority of the report by premature conclusions formed on the basis of incomplete data.

If in a peculiar degree Mr. Justice Feetham's Report supplies Shanghai with that which —for all their excellences— the recognised standard works do not give: a concise, comprehensive and authoritative record of the rise and growth of the Settlement. On the standard works the report freely and admittedly draws, but it contains much additional information. This is due to the patient research of the author either in the archives of public bodies or by a systematic, if confidential, interrogation of private individuals competent to throw light on the subject. Thus few gaps have been left; Shanghai has been given a connected account of itself, so that provision for the future may be made with full knowledge of the happenings of the past. This historical method has been allied to a political sense, acutely displayed in the conviction that [illegible] heavy responsibilities which this attitude of distrust logically demanded. It is, for example, noteworthy that not until the passing of the Order in Council of October 1881 were the Land Regulations, as finally revised in 1866, legally binding on British subjects; only six years earlier—and that by a decision not entirely free from question —was similar protection forthcoming in respect of American subjects. It was perhaps fortunate that the Shanghailander of those days was not so legally-minded as he is now, otherwise the task of manning the Council would have been impossible.

Democratic institutions can have no finer tribute to their soundness and virility than the result of this examination by a trained jurist of Mr. Justice Feetham's ability and experience. After studying all the material at his disposal he endeavours to summarize the trend of the Council's constitutional policy. He comes to the conclusion that, in spite of the obscurantism of the Consular and diplomatic services, the Council possesssed an appreciation of the deeper issues at stake: the defence of the "principle of limited authority exercisable under the control of courts of law as represented by the Settlement régime" against [illegible] and arbitrary

North-China Daily News

IMPARTIAL, NOT NEUTRAL

SHANGHAI, APRIL 28, 1927.

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The report comes out at a moment which, without any straining of language, can be described as dramatic. In Nanking the discussions of the proposed abolition of extraterritoriality appear to be reaching a climax. The inquiry, which Mr. Justice Feetham has so industriously brought to a conclusion, arose directly out of the Council's appreciation of the important relation" of the extraterritoriality issue to that of the future of Shanghai. The temptation to quote from the report now published in illustration of aspects of the question now under discussion between Dr. C. T. Wang and the Ministers of certain Powers is great. It should be resisted, in the light of the Judge's own remarks and in the interests of fair and dispassionate examination of the special problem which he has set himself to solve. Not otherwise is it possible to claim for his report, as a whole, that authority which it must possess if the labour of its preparation is to be justified. The Council's announcement, of December 6, 1929, plainly indicated that it had unofficial intimation of governmental approval of its attempt to take the lead in formulating a constructive plan for the solution of the problem of Shanghai, on the basis of "entirely disinterested and open-minded advice of a high order." It was further revealed that the invitation to Mr. Justice Feetham was backed by all Members of the Council, including the Chinese Members. It is most important, therefore,

fascinating story of a 77 year old Constitution, which, to-day, has to serve a Settlement grown from a foreign and Chinese

fascinating story of a 77 year old Constitution, which, to-day, has to serve a Settlement grown from a foreign and Chinese population of [illegible] to one of [illegible], in an area doubling itself in the process. The rigidity of the Constitution, the difficulty experienced in attempting to adapt it formally to meet new needs, the consequent virtual abandonment of such attempts for over 30 years, the measure of commonsense and acceptance of convention which alone has made it possible for the Constitution to function, the vigorously democratic spirit in which the whole machinery has been directed emerge vividly from the pages of this report. Mr. Justice Feetham has been particularly successful in appreciating the remarkable difficulties which the Council, in the course of its creditable history, has had to encounter. No small part of those difficulties has lain in the inability of diplomatists to adapt themselves to the practical appreciation of practical problems. The record shows that although the voice of the bigoted reactionary was heard more than once in the conduct of the Settlement's affairs, the Council's policy gradually developed cautiously but responsively, on lines of progressive intent. It is fitting that some tribute should be paid to the men who, in facing the problems of the day, built according to their lights but built well. The sense of public duty animating these amateur administrators deserves more than a passing comment of approval. They were handicapped, not merely by the uncertainty of the sanctions under which they acted, but also by the traditional reluctance of bureaucratic governments, far from the scene, to commit themselves to the adoption of a clear-cut policy, to place full reliance on the man on the spot and, yet, to relieve those men of the heavy responsibilities which this attitude of distrust logically demanded. It is, for example, noteworthy that not until the passing of the Order in Council of October 1881 were the Land Regulations, as finally revised in 1866, legally binding on British subjects; only six years earlier—and that by a decision not entirely free from question—was similar protection forthcoming in respect of American subjects. It was perhaps fortunate that the Shanghailander of those days was not so legally-minded as he is now, otherwise the task of manning the Council would have been impossible.

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> "the authority of law is upheld, and private rights are respected, and that the Settlement is governed by an executive authority (the Council of the Settlement) vested with powers which are limited and defined by its constitution, and subject, in respect to the exercise of those powers, to the control of Courts of Law which are independent of itself."

Thus the Settlement has developed democratic liberty in surroundings to which that abstraction is exotic. While benefitting its own population—to quote again from the final passages of the report—it is able

> "....by functioning as the

Enclosure No. 2 to dispatch No. 7757 of March 6, [illegible] American Consul General at Shanghai, China, dated July 27, 1926, on the subject: Report of Mr. Justice Feetham to Municipal Municipal Council.

Editorial from THE CHINA PRESS (American newspaper), Shanghai, dated July 27, 1926.

pages without a much clearer perception than before of the manner in which the Settlement has developed; the obstacles with which early councilors had to contend; the efforts that were made—unhappily with only partial success—to secure co-operation between foreigners and Chinese residents; the difficulties incidental to the endeavor to establish a "rule of law" under a restricted constitution based on the precedent of countries with expanded constitutional powers, and the clear division that made itself evident of two schools of thought among the foreign ratepayers.

It is to be presumed that Judge Feetham regards as the kernel of the whole matter, the question whether the interests of foreigners and Chinese in the Settlement would be best served by a continuance of the present system, at all events for a period, or by the relegation of these people and their spiritual and material interests to the control of those who have or claim unrestricted authority over other parts of China. The view of a group of Chinese bankers who "felt that the security that Shanghai afforded must be maintained

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as the kernel of the whole matter, the question whether the interests of foreigners and Chinese in the Settlement would be best served by a continuance of the present system, at all events for a period, or by the relegation of these people and their spiritual and material interests to the control of those who have or claim unrestricted authority over other parts of China. The view of a group of Chinese bankers who "felt that the security that Shanghai afforded must be maintained and improved, but that the Settlement regime could not be regarded as permanent since it was inconsistent with the trend of Chinese national development" is mentioned without comment. But as Judge Feetham's judgment upon ground from which Judge Feetham has warned trespassers, we believe that in the quarter here [illegible] provided a clue to the recommendations that will appear later. The words "maintain and improve," if their implications are carried out logically, might well be the basis of a considered recommendation. Convincing proof is adduced in the report that the progress of [illegible] almost entirely, been due to the [illegible] and have given to life [illegible] council. That principle, based as it is on the rule of law that has made Anglo-Saxon communities [illegible] of Shanghai. How to perpetuate that security is [illegible] that [illegible] with the progress of the [illegible] nations. The basis of the powers of the existing Shanghai Settlement governing municipal body are the Land Regulations, which in their turn are based on rights and privileges granted by treaty. If these treaties cease to be effective, either in the immediate or the near future, the question of the municipal government of the Shanghai Settlement will be removed from local consideration absolutely and finally. It becomes difficult, therefore, to suppress the thought that, until something definite is known in regard to the trend and likely upshot of the diplomatic negotiations now going on, it is rather beating the air to discuss Judge Feetham's report immensely valuable though it undoubtedly is. There seems to be a prospect that the emergence of Judge Feetham's final recommendations will synchronize with a diplomatic announcement that might affect them very materially.

With that observation we leave the matter for the present, merely adding that we are sure that the Council and the residents of Shanghai, whatever their nationality, will feel grateful to Mr. Justice Feetham for carrying out a most responsible duty with a success that will add to the already high reputation that he has so deservedly won by labors on somewhat similar ground.

Enclosure No. 4 to dispatch No. 7751 from Mr. [illegible] American Consul General at Shanghai, China, [illegible] 1931, on the subject: "Report of Mr. Justice [illegible] Shanghai Municipal Council."

Editorial from THE CHINA PRESS (American [illegible] ation owned) of June 17, 1931.

Shanghai, Wednesday, June [illegible] 1931

Mr. Justice Feetham's Report

With the appearance today of the foreword of a new edition of [illegible] seems a critic said of the publication of [illegible] issued in 1761:

"It created there an immediate and striking impression. Such a noise in the theatrical world was like that caused by the report of a gun in a mosque."

Something of a similar nature might be appropriately written of the publication today of the second volume of Mr. Justice Feetham's Report to the Shanghai Municipal Council, the main features of which appear in our news columns.

Before entering upon any detailed discussion of the momentous conclusions at which Judge Feetham has arrived, it must be emphasized that he has submitted a *report* and it has to be considered as a *report* only. Notwithstanding its high value and importance in being the work of a man of the undisputed eminence of Mr. Justice Feetham, it is simply a report prepared at the instance of the Shanghai Municipal Council for the guidance of those by whom the future status of the Settlement will be determined. And it is not discourteous to emphasize that the Shanghai Municipal Council has itself no power to determine the matter. The Shanghai Municipal Council is an outgrowth of the Land Regulations. It came into existence by virtue of those Regulations and those Regulations were brought into existence by the Government of China and the Governments of the Treaty Powers. Thus it follows that the status of Shanghai can only be altered by those by whom the Land Regulations were brought into being.

It must not be supposed for a moment that we are belittling Judge Feetham's almost monumental work, as we indicated in April when referring to the first instalment of the Report, the manner in which a most difficult problem has been handled can only inspire genuine admiration. Though, as we have suggested, the publication of what is in effect the core of the Report today may occasion a clamor among the extremists of those opposed to or favoring rendition, we believe that in this very development will be found the most complimentary, though unconscious, tribute to its author. It will afford proof that he has done his work conscientiously and with the sole thought of recommending what, in his considered opinion, after having weighed all the available evidence fairly and impartially, would prove in the interests of present and future residents of Shanghai, foreign and Chinese. If he finds that he has displeased extremists on both sides he may well rest assured that his work has received an unsolicited testimonial to its absolute impartiality.

The hinge upon which the whole problem of Shanghai's future turns is rendition. The demand has been made from quarters that merit and cannot be denied a hearing that rendition should be made immediately—that is as soon as the necessary legal formalities could be completed. Advocates of direct action were even anxious that it should be accomplished without any delay at all. Extremists on the other side maintained that the Settlement was for the sole use of foreigners by right of treaty, and that the question of its municipal administration was no concern of anyone but the foreigners who resided and traded here by virtue of those treaty rights. An abyss of difference yawned between these opinions that it might have seemed impossible to bridge. But it is not generally, if ever, necessary to bridge an abyss where it is wid-

Enclosure No. 4 to despatch No. 7751 from North
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1926, on the subject: "Report of Mr. Justice
Shanghai Municipal Council."

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est. If careful exploration be made, it will be found
that at a certain point the abyss grows sufficiently
narrow for the opposite sides to be linked by a com-
paratively small bridge. It has been Judge Feetham's
task to discover the narrow place and to suggest the
character and composition of the bridge. Whether he
has succeeded in both, or either, is a matter upon which
we do not find it necessary at this stage to express an
opinion. That would mean entering upon the broad
question of extra-territoriality, and this is not germane
to our purpose today.

Judge Feetham pronounces against rendition,
and indicates that while rendition must come there
should be a long period of transition.

On that assumption he makes certain suggestions
in regard to a body that would exercises control over
the Settlement during the period of transition. With
many of these proposals there will be, we believe, gen-
eral agreement. Some of them are likely to evoke
sharp dissent from extremists. One of the points
that is unobtrusively made is that the "foreign"
character of the Settlement ceased to exist when Chin-
ese Councillors were invited to occupy seats on the
Council. With the cession of that ground the Settle-
ment ceased automatically to be the "Foreign" Settle-
ment, and the very appellation of the administrating
body became a misnomer.

The suggestion of two Ratepayers Meetings, one for
Chinese and one for foreigners, is interesting and in-
genious. How it would actually work in practice is a
matter of opinion. It is conceivable that, if public feel-
ing became unhappily inflamed on some point involv-
ing what may be called national sentiment or suscept-
ibility, one Ratepayers Meeting might reject the Bud-
get point blank while the other endorsed it. The final
decision would, in such an event, rest with the Council,
which, in the new form that the Council would then
have assumed might or might not be an end of the dif-
ficulty. No doubt the Judge feels that at the best this

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Editorial from THE [illegible]

North-China Daily News

[illegible] NOT NEUTRAL.

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Concrete is a useful epithet [illegible] Shanghai. It is so appropriate to the achievements which have turned a mud flat into a world city. Mr. Justice Feetham in delivering judgment in the many volume of his Report published to-day, shows himself to be convinced of the importance of concrete facts when dealing with the problem of human destinies and human endeavour. So he is naturally impatient when in addressing themselves to such a problem, earnest critics show undue devotion to "abstract standards."

"The achievements of the Shanghai Municipality as compared with Chinese Municipalities is only in a small measure germane to the discussion. The comparison must be made with Municipalities in Europe and America."

—this sapient *obiter dictum*, also cited in discussion of Shanghai's future with a group of missionaries here, receives from the judge the caustic retort that

"to the interests, national and individual, which that (the Settlement) Community represents,—a community, be it noted, located, not in some corner of Europe or America, but on the bank of the Whangpoo River, in China—comparison between the Settlement and Chinese areas is surely of primary importance."

Therefore, in attempting to arrive at a sound judgment on the points at issue, Mr. Justice Feetham considers it distinctly "germane to the discussion" to note that the sale of the Council's electricity undertaking was "exceptionally favourable and . . . unique in the history of municipal trading," while he cites the opinion of a well-qualified expert to the effect that

"if similar conditions existed in cities outside Shanghai as have existed in Shanghai during the last thirty years, the electrical development of the country would not only have been greater than it is to-day, but would, as a whole, have been extremely profitable both to the owners of the plants and to the Government in the shape of royalties."

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Editorial from THE [illegible]
of

North-China Daily News

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immediate rendition or of the
early grant of a Chinese Gov-
ernment Charter to Shanghai in
the light of actual conditions
prevailing in China generally.
It draws from him a most valu-
able comment on the extra-
territoriality problem. In fact
it has produced a report which
besides having a definite critical
value, is eminently constructive
—on concrete lines. Not the
least proof of his constructive
bent is found in his proposal
that the Shanghai Municipal
Council should draft its own
scheme of reform, on the lines
which he suggests, and submit
it to the National Government of
China and the Foreign Powers
for their consideration. In his
exhaustive survey of the history
of Shanghai he makes it clear
that, for all its shortcomings,
the Municipal Council has
consistently displayed far more
constructive ability than any
other body concerned with the
problem which Shanghai has so
wickedly and inconsiderately
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finding for his report a *locus*

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Editorial from THE NORTH

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[illegible] more: he puts down [illegible] terms the opinion that the Chinese Government have a considerable [illegible] if it be allowed to develop [illegible] but surely to the citizens [illegible] of revolution and that the Foreign Powers would be criminally false to their trust if they neglected due observance of the concrete facts of Shanghai's importance to China and the world at large.

Perhaps the downrightness of the eminent judge will encourage the august authorities thus addressed to spare a little of the zeal, with which they canvass the welfare of smaller nations, for the world in miniature that is Shanghai. In recent years there has been a marked tendency on the part of the Diplomatic Body to regard what Mr. Justice Feetham called "the hazards of piecemeal and makeshift arrangements" as preferable to rise to "irritating and illusive international controversy," thus hampering the operation of the Settlement regime and diminishing its usefulness, as a cross which Shanghai has to bear on account of its inherent sinfulness. Shanghai gets the Government it deserves: if that is so, its [illegible]

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Editorial from THE [illegible]

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[illegible] NOT NEUTRAL.

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Concrete is a useful [illegible] Shanghai. It is so appropriate to the achievements which have turned a sand flat into a world-city. Mr. Justice Feetham in delivering judgment in the main volume of his Report published to-day, shows himself to be convinced of the importance of concrete facts when dealing with the problem of human destinies and human endeavour. So he is naturally impatient when, in addressing themselves to such a problem, earnest critics shew undue devotion to "abstract standards."

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This insistence on concrete facts leads the author of the Report [illegible] amateur Government of the Settlement [illegible] of the method of political examination by the [illegible] whose task it [illegible] It is to be hoped [illegible] those other parties will [illegible] whether the time has [illegible] for taking Shanghai's problems under consideration in a different and more sympathetic spirit. Indeed, now that a critic versed in the affairs of men in three continents, discovers in Shanghai's administrative record features of special excellence and, in so doing, suggests that secrets of democratic government, hidden from others, have been successfully exploited here, a complete revision of the usual attitude towards Shanghai might be appropriately [illegible] [illegible] [illegible]

Enclosure No. 2 to despatch No. 775 of Edwin S. Cunningham, American Consul General at Shanghai, China, dated July 31, 1931, on the subject: "Report of Mr. Justice Feetham to Shanghai Municipal Council."

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This insistence on concrete facts leads the author of the Report to examine the possibilities of immediate rendition or of the early grant of a Chinese Government Charter to Shanghai in the light of actual conditions prevailing in China generally. It draws from him a most valuable comment on the extra-territoriality problem. In fact it has produced a report which, besides having a definite critical value, is eminently constructive —on concrete lines. Not the least proof of his constructive bent is found in his proposal that the Shanghai Municipal Council should draft its own scheme of reform, on the lines which he suggests, and submit it to the National Government of China and the Foreign Powers for their consideration. In his exhaustive survey of the history of Shanghai he makes it clear that, for all its shortcomings, the Municipal Council has consistently displayed far more constructive ability than any other body concerned with the problem which Shanghai has so wickedly and inconsiderately decided to become. He thereby shows how the difficulty of finding for his report a *locus*

The first volume of this report ended with an appreciation of the "unique and essential part in the economic life of China as a whole" played by the Settlement. This second volume shows how, by definitely extending the principle of international partnership, the ultimate goal of Chinese sovereign control can be smoothly reached and, in the process, notable services be rendered to the people of China. The proposals suggest no startling innovations; they are evolutionary. Their practicability can be judged from the fact that, in certain respects, the Council's recent decisions have initiated action which anticipates them. Mr. Justice Feetham recognises that the apparent inability of the Powers in the past to act unitedly and the attitude of the National Government have discouraged belief in the possibility of revising the Land Regulations on which the Constitution rests. The position is in his view radically changed if the problem is approached in the new light of this equal international partnership. There is every ground for urging joint endeavour on those lines. Once the principle of rendition is formally accepted, the doctrine of partnership acclaimed, there can be a jettisoning of the barren policy of negation which has so severely hampered the administration of the Settlement. Instead of resisting the logical development of the Settlement's authority and, on the basis of that resistence, condemning its shortcomings, the Government of China, as the ultimate heirs to the property must surely take a lively interest in furthering its continued progress. They must give formal acknow-

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North-China Daily News

IMPARTIAL, NOT NEUTRAL.

SHANGHAI, OCTOBER 18, 1927.

THE BEDROCK

Mr. Justice Feetham's brilliant report has struck a note which may refreshingly inspire jaded minds overwhelmed by the unrealities and insincerities of political controversy in China to-day. He has tackled a problem bristling with difficulties and anomalies and managed, while recognising its elusiveness, to propound a solution which does not immediately assume the hard unattainable virtue of a counsel of perfection and, yet, has all the merit of a practical essay in evolution. There is no attempt to scrap existing material for the erection of a brand new palace of delight. The Report seizes upon well-defined tendencies in Shanghai's development and shows how, by expanding their scope and intensifying their significance, the problem of the future can be equably faced. That this has been possible is due, in no small degree, to the inherent commonsense and good feeling animating the communities which, in the course of generations, have gradually built up the International Settlement. It is in an especial measure due to the responsiveness of those directing the Municipal Council's policy to the force of current world-opinion. In the first volume of his report Mr. Justice Feetham cited the resolution passed by the Ratepayers on April 14, 1926 in favour of the addition of three Chinese members to the Council as an indication of the growth of this tendency. He recalled that the then Chairman of the Council, Mr. Stirling Fessenden, specifically adduced in support of that resolution the argument that

> The goodwill and co-operation of the Chinese are indispensable to the solution of this problem alone, to say nothing of the many other difficult and intricate problems with which we are confronted. It seems to me that not only the natural and logical way, but, in fact, the only way by which we can hope to secure that goodwill and co-operation

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Thus the good feeling and co-operation were given formal expression. In the years which have followed, in spite of many disheartening ebullitions, they have been made the keystone of the Council's policy. In the Second Volume of the Report not the least notable passage is that which refers to the part played by the Chinese members in the Council's proceedings:

> "The atmosphere generally appears to have been wonderfully free from the bitterness of controversy, and though questions have sometimes arisen which have caused acute division of opinion, it has generally proved possible to arrive at some acceptable compromise between conflicting views."

There are obviously two parties to this result—the foreigners and the Chinese. They both are entitled to credit. They have established the very basis on which the Feetham structure can be securely built.

Yet, as was pointed out yesterday, the new cooperation will

[illegible]

"an asset of immense value for the China of to-day and of still greater potential value for the China of the future."

The partnership proposed between Foreigners and Chinese in the Settlement would be unable to function if it could not depend on the cooperation of the National Government of China. In the past there may have been justifiable reasons for the National Government to be chary of committing itself to active support of the Settlement regime. The reasons need not be examined or even stated; they are known to all versed in current Chinese political controversy. It is the great merit of the proposed formal acceptance

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[illegible] of the ways and views of their Governments, have displayed towards Shanghai a more [illegible] and more frequent petulance. Now they are reminded that on Shanghai rests the solid foundations of their relations with China; China herself is forcibly told that in Shanghai she has an asset of enormous value who, knowing the source of the financial strength of successive Chinese Governments, and appreciating the importance of this port where, in a desert of insecurity and uncertainty, an oasis of ordered life can be found, would be rash enough to deny the implicitness of this interpretation of the role of Shanghai? It is noteworthy that an eminent judicial authority, reviewing the political and social achievements of a commercial community, should be so impressed by the genius therein displayed. Unsparing as he has been [illegible] and blame where he felt it incumbent on him to supply them, Mr. Justice Feetham omits, in the slightest degree, to endorse the sordid picture which too often, in certain rarified atmospheres, is popular when Shanghai comes up for portrayal. He shows that cooperation, so ready on the lips of glib orators, has been actively at work among foreign and Chinese business men, not merely in commercial enterprises, essential though those may be to the prosperity of China, but also in the conduct of political affairs. His report suggests the thought that if some of Shanghai's qualities could have been invoked in Sino-foreign relationships outside, fewer misunderstandings would have arisen and fewer blunders been committed. It is indeed fortunate for Shanghai—and for China—that this verdict has been sought from such an unimpeachable authority. Now that it has been given it is to be hoped that due note will be taken of it in London, Washington and Tokyo, as well as in Nanking. Shanghai may not possess the cultural amenities attractive assets in com-

7751 of North-China Herald,
[illegible] dated July 28,
of Mr. Justice Feetham re

of the ways and views of their Governments, have displayed towards Shanghai equal solicitude and more frequent petulance. Now they are reminded that on Shanghai rests the solid foundations of their relations with China; China herself is forcibly told that in Shanghai she has an asset of enormous value. Who, knowing the source of the financial strength of successive Chinese Governments, and appreciating the importance of this port where, in a desert of insecurity and uncertainty, an oasis of ordered life can be found, would be rash enough to deny the implications of this interpretation of the role of Shanghai? It is noteworthy that an eminent judicial authority, reviewing the political and social achievements of a commercial community, should be so impressed by the genius therein displayed. Unsparing as he has been of criticism and blame where he felt it incumbent on him to supply them, Mr. Justice Feetham omits, in the slightest degree, to endorse the sordid picture which too often, in certain rarified atmospheres, is popular when Shanghai comes up for portrayal. He shows that cooperation, so ready on the lips of glib orators, has been actively at work among foreign and Chinese business men, not merely in commercial enterprises, essential though those may be to the prosperity of China, but also in the conduct of political affairs. His report suggests the thought that if some of Shanghai's qualities could have been invoked in Sino-foreign relationships outside, fewer misunderstandings would have arisen and fewer blunders been committed. It is indeed fortunate for Shanghai—and for China—that this verdict has been sought from such an unimpeachable authority. Now that it has been given it is to be hoped that due note will be taken of it in London, Washington and Tokyo, as well as in Nanking. Shanghai may not possess the cultural amenities attractive assets in com-

Enclosure No. 2 to despatch No. 7287 of March 24, Consular-General Clennell to Sir [illegible], dated June 25, 1926, on the subject: "Report of Mr. Justice Feetham on Shanghai Municipal Council."

Comment on Report from THE NORTH CHINA DAILY NEWS (British) of June 25, 1926.

COM[illegible]E

[illegible]

June 1[illegible]

Times [illegible] on

Recommends Important Reforms

BREATHING SPACE FROM [illegible]

Chinese Views at Variance with Influential Leaders

THE administration of the [illegible] Settlement [illegible] Shanghai [illegible] by any Chinese Government [illegible] doubtful. Therefore [illegible] some form or other may be accepted [illegible] them be contemplated.

The "Times" also expresses the opinion that a safeguard against [illegible] ever closer co-operation between the settlement authorities and the leading Chinese in the [illegible] and Nanking, for the interests of Chinese as a nation, are bound up with the maintenance of stable conditions at this essential rallying point.

"In those interests alone the British Government, which is unnecessarily reticent about the current extra-territorial negotiations, will do well to ponder the Feetham report before they commit themselves too far," concludes the paper.—Reuter.

VIEWS OF LEADING CHINESE

Conflicting Opinions on the Feetham Report

Opinions of leading Chinese regarding the second volume of Mr. Justice Feetham's report on the future of Shanghai, a summary of

[illegible]

Increased Councillors

Asked whether or not the proposed of the suggested increase in the number of Councillors from the present 15 to less than 30 and not more than 22, Mr. Wang said that no matter what the number of Councillors was, the Chinese were entitled to have 55 per cent. of seats on the Council and foreigners, the remaining 45 per cent. in accordance with the amount of taxes paid by them respectively.

In regard to the question on Judge Feetham's suggestion that with rendition of the Settlement a new regime should be established with full rights of self-government, Mr. Wang said that when rendition was brought about the decision as to whether or not a system of self-government should be introduced in this city was one which rested solely with the Chinese Government and that foreigners should not be allowed to interfere with this right.

Conflicting Opinions on the Feetham Report

Opinions of leading Chinese regarding the second volume of Mr. Justice Feetham's report on the future of Shanghai, a summary of which appeared in the "North-China Daily News" of yesterday, were obtained by representatives of the Press last night.

Kia-ngau, governor of the Bank of China, declined to make any comment, stating that they had not had any sufficient time to read through the report and were, therefore, unable to express opinions.

Chinese Should Study It

Two other leading Chinese gentlemen, Mr. T. D. Woo, general manager of the Bank of Communications, who is also a member of the Council, and Mr. Wang Shao-lan, chairman of the Chinese Ratepayers Association and of the Greater Shanghai Chinese General Chamber of Commerce, who are representative of Chinese public opinion, however, frankly expressed their views. As will be seen, there was a sharp distinction between them.

"As a whole, Mr. Justice Feetham's report on the future of Shanghai is a valuable work and all Chinese should study it carefully in order to discover adequate measures for the solution of the difficult question concerning the future of this great city," stated Mr. T. D. Woo.

"Mr. Justice Feetham is right when he states that a transitional period is necessary before the rendition of the Settlement is brought about because, in order to attain a goal, one has to go through the necessary stages just as China will have to go through the military and the political tutelage periods before she can reach the constitutional period," said Mr. Woo.

However, Mr. Woo continued, whether or not this transition period will be a long one or a short one would depend entirely upon whether or not the Chinese were able to demonstrate their ability to take over the reins of administration from foreigners in governing the Settlement. Mr. Woo called upon Chinese to work hard to make their country a strong one so that the transition period would be a short one.

Rendition the Main Question

The comment of Mr. Wang Shao-lan was, of a different nature. He stated that the question of the rendition of the Settlement was one which China wants to settle outright and that he did not see there was any reason for a transition period as suggested in the report.

While endorsing the suggestion of two ratepayers' meetings, Chinese and foreign, to discuss the report, Mr. Wang stated that the question of whether or not the Chinese government should be consulted in this city was one which rested solely with the Chinese Government and that foreigners should not be allowed to interfere with China's right.

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[redacted]

Editorial from THE [redacted]

North-China Daily News

IMPARTIAL [redacted]

SHANG[redacted]

I[redacted]

The [redacted] Mr. Ju[redacted]tham, [redacted] services in adjudicating on the problem of the International Settlement's status, definitely referred to the Powers' adoption in principle of the policy of gradual relinquishment of extra-territorial privileges in China. The Council described itself as fully appreciating the "important relation" of that policy "..... to the complicated problems of the future status of the International Settlement during the transition period which must necessarily ensue before such a policy can become fully effective....."

In its first examination of the Second Volume of Mr. Justice Feetham's report, the "North-China Daily News" drew attention to the importance of the judge's comment on the problem of extraterritoriality. The Council, thus, in 1929, three months after the signature of the British note of August 10, of that year, realised that, in view of the relationship to which it referred, the ascertainment of the Settlement's constitutional needs during a period of transition was essential. Since it issued its invitation to Mr. Justice Feetham, the subject of the proposed abolition of extraterritoriality has been much to the fore. Its vicissitudes have been marked by three major episodes: first, the diplomatic discussions ensuing between the Chinese Foreign Minister and certain representatives of the Powers, secondly, the declaration by the National Government on December 28, 1929, of the abolition of extra-territoriality as from January 1, 1930; thirdly, the issue of a mandate on May 4, 1931, announcing the enforcement of this declaration as from January 1, 1932 and the regulations devised for that purpose. It would be unprofitable to do more than note the incompatibility of these two unilateral declarations with the idea of diplomatic negotiations. Obviously if the negotiations were to be of any

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From a telegram, recently published, it will have been seen that Mr. Henderson is not at all inclined to imitate Dr. Wang's confidence in the Press. He carries his reticence to the point, at present, of declining to let the House of Commons into the secret of the negotiations which have been proceeding in Nanking, were almost, if not quite, "interrupted," resumed and now, apparently, are suspended. Mr. Henderson's statement confirms recent messages from Nanking to the effect that, a stage has been admitted, however, that the statements which he has permitted himself to make in public do not argue any very solicitous regard for some of the considerations expressly noted in the despatch of August 10, 1929, in the aide-memoire of December 20 of the same year or in Mr. Justice Feetham's remarks quoted above. It will be presumed that if the negotiations with the Foreign Powers have made the progress hinted at in apparently inspired messages from Nanking, his public statements have not done him justice in that regard. There need be no surprise if this presumption were correct, for statements made for political purposes come within a category different from that in which agreed diplomatic proposals are placed. Recognition must also be given to the fact that the British Government are not disposed, whatever their critics may think, to ignore the important point that pledges dependent on the fulfilment of certain conditions are not operative without those conditions. The difficulty of making public the course of delicate negotiations will be recognized. No responsible journal would desire to make more onerous the task which Dr. Wang, on the one hand, and the Foreign Ministers on the other, are setting themselves to accomplish. It is generally agreed that a satisfactory solution of the extra-territoriality issue would be welcomed by foreigners no less than by those Chinese who regard that issue as of the first importance at this moment. The Foreign Secretary's refusal to admit any connection between the Feetham Report and the agreement in negotiation at Nanking may be a negative assurance. Elicited by a supple-

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Editorial from the [illegible] DAILY NEWS (Tientsin)
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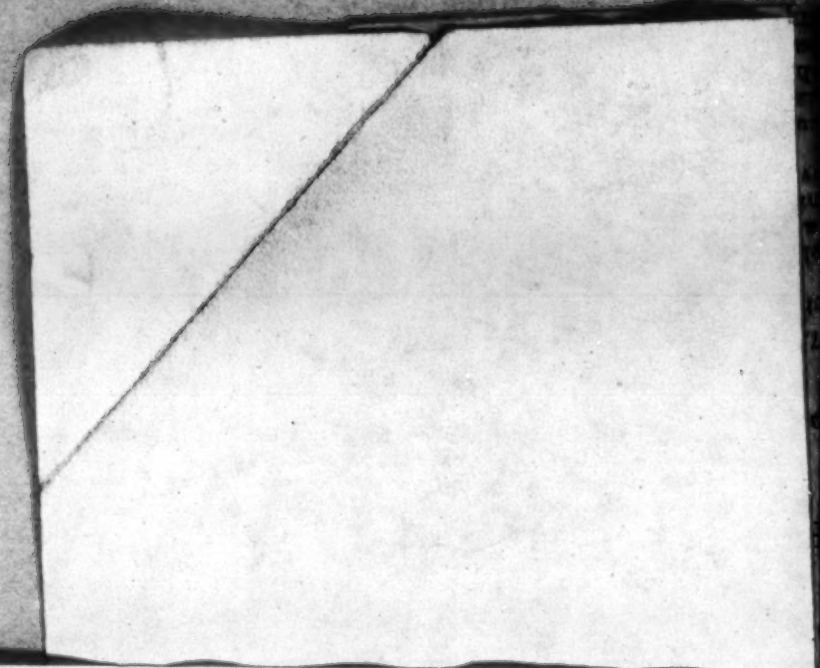

reached, necessitating a normal report by both diplomatists to their respective governments and that a resumption of the discussions may be expected in August. The British Foreign Secretary's latest answer in the House does not promise any immediate elucidation of the position. Meanwhile Mr. Justice Feetham has reported. The Council spoke to him of a transition period, the note of August 10, 1929 clearly implied a transition period, if its reference to the conditions necessary for abolition of extraterritoriality meant anything. Even the aide-memoire of December 20, 1929, referred to above, stipulated

"a method and a programme for carrying abolition into effect by gradual and progressive stages to the mutual satisfaction of both governments"

and on the basis of that document the British Government authorized the "detailed negotiations," which have been proceeding at Nanking. Mr. Justice Feetham also talks of a transition period. It has [illegible]

[illegible] sanitary question and therefore [illegible] on the part of [illegible] moment it can be regarded as a legitimate party to an [illegible] respected thrust. [illegible] more definite will be [illegible] those who realize [illegible] a constitutional [illegible] that Mr. Hoover will [illegible] to respond, it only [illegible] the hands of the British [illegible] whose position in this matter must evoke the liveliest sympathy.

period is that Kuomintang would possibly be raised as to the possibility of carrying out a policy of reform immediately that period had expired and then a period generally fixed as a minimum period might easily be popular estimation seems to be supposed as a maximum period. If an opinion were to be ventured now as to the minimum period required, it would be a question of the number, not of years, but of decades."

Now Mr. Justice Feetham also says quite definitely that his scheme for the gradual development of the Settlement's partnership depends on the retention of

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personal freedom and security of life and property which have made it possible hitherto for individuals to reserve these institutions by their personal activities, either as Councillors, voters or officials, and themselves the product of the extraterritorial system and, until the rule of law has been established in China in such a way as to safeguard effectively the ordinary citizen in the exercise of his personal rights, and the performance of his civic duties, abolition of extraterritoriality would destroy the vitality of the present municipal institutions, because it would cease to be possible to work a popular system of local self-government in the Settlement, if there were no longer an important section of the community enjoying such freedom of action as is secured by possession of extraterritorial rights."

Thus the system of government in Shanghai is "closely interwoven" with extraterritoriality, as the Council foresaw, even if it did not suspect that the closeness was as vital as its mentor reveals.

There is every desire to recognise the legitimate eagerness of Dr. C. T. Wang to bring off a diplomatic triumph. Nor would anyone suggest that his attitude is dictated otherwise than by patriotic zeal. It must be admitted, however, that the statements which he has permitted himself to make in public do not argue any very solicitous regard for some of the considerations expressly noted in the despatch of August 10, 1929, in the aide-memoire of December 20 of the same year or in Mr. Justice Feetham's remarks quoted above. It will be presumed that if the negotiations with the Foreign Powers have made the progress hinted at in apparently inspired messages from Nanking, his public statements have not done him justice in that regard. There need be no surprise if this presumption were correct, for statements made for politica

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North-China Daily News

IMPARTIAL NOT NEUTRAL.

SHANGHAI, JUNE 30, 1931.

A DIFFERENT LIGHT

The Feetham Report has been considered generally, specifically, in regard to its formulation of the idea of an international partnership and obliquely, in the light of its bearing on the extra-territoriality issue. Its importance makes apology for extended examination of its proposals unnecessary. There remains the vital question of the effect which it may have on the hitherto accepted policy of the National Government of China towards the so-called International Settlement—the modifying epithet, frequently on the lips of Chinese politicians, is justified by Mr. Justice Feetham's own exposition of the changes brought about by the association of Chinese in the direction of the Council's policy and likely to be intensified as time goes on. The question will at once be asked: what reason can be adduced from the Report for a belief that the Chinese Government may revise their attitude towards Shanghai? The Report points out that that attitude does not give much encouragement

> "to the idea of securing a revision of the Land Regulations by the process of international negotiation and agreement; but the prospects may be completely changed if the whole question can be viewed in a different light from that in which it has hitherto been regarded."

The suggestion is that recognition of the advantages of the Settlement regime to China, combined with the development of a "broad platform of common interest," on which "a united constructive effort" by "accredited representatives of China and the Foreign Powers" can be staged, must facilitate this new vision. This naturally is the crux of the whole problem. Without the consent of the National Government and the Foreign Powers, the measures, designed to give Shanghai the full opportunity for self-expression to the advantage of China and the world at large, cannot be carried into effect. There must be a stalemate, leading certainly to increasing difficulty of administration and, possibly, to what may be euphemistically described as friction. The policy [illegible] very interests may frequently come apparent endorsements of it. This is emphasised in the Report's penetrating and sympathetic comment on the difficulty of reconciling [illegible] statements of Chinese [illegible] with their private [illegible]—a difficulty which, by the way, illustrates one of the [illegible] of the Settlement regime. Nor will it be wise for exponents of present Chinese policy to rely too much on the efficacy of the "nibbling" or "pin-prick" method of attack. The Council has, admittedly, been actuated by a desire to treat the relationship of the Settlement to China as *sub judice*. This has given the policy of conciliation a temporary as well as a permanent significance. The judge having given his opinion, there may be certain issues on which the Council will feel that it can refuse any longer to be manœuvred out of position. This must, in no small measure, detract from the advantages of the piecemeal process. Moreover, in the light of the emphatic exposition of the essential soundness of the Settlement regime and its vital importance, the idea that the Foreign Powers can in future display the airy indifference of their present attitude towards Shanghai undergoes radical alteration.

But, after all, these are, in some degree, sordid if practical objections to a refusal by the Chinese Government to consider the revision of their views on Shanghai. The basic inducement for such revision lies exactly in the judge's forcible presentation of the whole problem in "different light." There is for the first time formal and definite recognition, not only of China's sovereign rights in Shanghai but of the necessity for the ultimate exercise of those rights here in the fullest degree. The policy framed for the acceptance of three parties to the partnership—the Government of China, the Foreign Powers and the Municipal Council—will be directed not, as in the past, towards the assertion of foreign control but, with the express object of bringing the Government into direct association with the administration of Shanghai. The preservation of the Settlement regime as a separate entity of Sino-foreign partnership is to be worked, so that it may continue to exert its beneficent influence on the financial and commercial progress of China and to provide the Government with what may be described as a research laboratory of political endeavour calculated greatly to assist them [illegible]ham aims at [illegible]new authority

...municipal Centre is denied by no responsible member of the Government or of any Govern-

...defects. At the same time it directly associates them with the progress and continued development of the Settlement and gives them a most potent interest in it. Thus there should be no longer any cause for the Chinese Government to look upon the Settlement with a jealous eye, to be lukewarm in approving plans for its development or to be over-eager to expose its shortcomings. The adjustment of this new point of view will not be easy. The habits of years cannot be overcome in a moment. The incentive for the attempt is so great that an attitude of negation is surely impossible. For, granted that the material benefits of the Settlement cannot be denied, when once the direction of

...ment on the part of the Council to adjust its authority to the emergence of new administrative needs, requiring as it so often does either a new interpretation of the Land Regulations or, even, their amendment. There is no need to particularize: current controversies in nearly every branch of Municipal administration will provide the text.

It may be argued on behalf of the Chinese Government that if they thus can carry the position by flank attacks and piecemeal advances, why should they trouble to change their policy? The Council's sense of the

North-China Daily News

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SHANGHAI, JUNE 20, 1931.

A DIFFERENT LIGHT

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undesirability of precipitating crises has given rise to a policy of conciliation which puts certain trump cards in the hands of the Government. As the principle of conciliation has been frankly endorsed by the Government and, indeed, made ostensibly one of immediate practical adoption there is, it may be contended, an earthly reason why that Government should consider proposals which, although making conciliation the ultimate goal, delay its operation for a long term, even though the interim may be occupied in progressive preparation for it. The argument that immediate rendition would throw Shanghai into chaos and promptly eliminate security and progress is not in itself impressive in the eyes of the Government. Firms of all types will refuse to admit that such a result will necessarily accrue; secondly they may say that even if it did accrue, they will at least have removed a standing humiliation in the presence of a foreign administration controlling the most important City in China, owing though it does its very existence to foreign pioneers and to foreign cooperation. If this were the whole picture there might be little to say, except to record regret that human prejudice would so wantonly endanger that which human effort had created. It should at once be noted that, although immediate rendition is the cry, its practical acceptance would be extremely distasteful, to use no stronger word, to the Government; it would be staggeringly alarming to the vast Chinese interests in Shanghai itself, even though from those very interests may frequently come apparent endorsements of it. This is emphasized in the Report's penetrating and sympathetic comment on the difficulty of reconciling public statements of Chinese leaders with their private [illegible]—a difficulty which, by the way, illustrates one of the benefits of the Settlement regime. Nor will it be wise for exponents of present Chinese policy to rely too much on the efficacy of the "nibbling" or "pin-prick" method of attack. The Council has, admittedly, been actuated by a desire to treat the relationship of the Settlement to China as *sub judice*. This has given the policy of conciliation a temporary as well as a permanent significance. The judge having given his opinion, there may be certain issues on which the Council will feel that it can refuse any

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But, after all, these are, in some degree, sordid if practical objections to a refusal by the Chinese Government to consider the revision of their views on Shanghai. The basic inducement for such revision lies exactly in the judge's forcible presentation of the whole problem in "different light." There is for the first time formal and definite recognition, not only of China's sovereign rights in Shanghai but of the necessity for the ultimate exercise of those rights here in the fullest degree. The policy framed for the acceptance of three parties to the partnership—the Government of China, the Foreign Powers, and the Municipal Council—will be directed not, as in the past, towards the assertion of foreign control but, with the express object of bringing the Government into direct association with the administration of Shanghai. The preservation of the Settlement regime as a separate entity of Sino-foreign partnership is to be worked, so that it may continue to exert its beneficent influence on the financial and commercial progress of China and to provide the Government with what may be described as a research laboratory of political endeavour calculated greatly to assist them in their task of leading the rest of China through the period of tutelage. The practical importance of Shanghai as a stable financial centre is denied by no responsible member of the Government or of any Government, worthy of the name, likely to succeed it. Prestige is fully assured to the Government by this partnership. In its transitional stage it protects them against the defects of which they are the heirs and not the authors, it gives them time and resources for removing those defects. At the same time it directly associates them with the progress and continued development of the Settlement and gives them a most potent interest in it. Thus there should be no longer any cause for the Chinese Government to look upon the Settlement with a jealous eye, to be lukewarm in approving plans for its development or to be over-eager to expose its shortcomings. The adjustment of this new point of view will not be easy. The habits of years cannot be overcome in a moment. The incentive for the attempt is so great that an attitude of negation is surely impossible. For, granted that the material benefits of the Settlement cannot be denied, when once the direction of

its affairs becomes an equal partnership, the task of ensuring the smooth continuance of those benefits will be accepted, by decisive preference to the arid policy of non-cooperation which, indeed, has already been breached in more than one direction by the sheer force of commonsense and goodwill operating in spite of adverse conditions. The fundamental change brought about by the definite recognition of the temporary character of the trusteeship of the Foreign Powers and, what is more, by the institution of machinery progressively to terminate the trust will imply an acceptance of the principle of rendition in the more practical and immediate form than can be achieved by many years of guarded negotiation damaging to the material interests of all parties and destructive of their reputation for statesmanship.

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Shanghai, Friday, July 10, 1931

"Roads" The Feetham Report

MOST people will probably find it difficult to understand, when they receive the third volume and the accompanying summary of Mr. Justice Feetham's Report to the Shanghai Municipal Council, the precise object sought to be obtained by issuing a separate volume at all. There is no apparent reason why the material contained and the conclusions formed could not have made one of the divisions of the preceding volume. The third volume consists of but 46 pages and a map, while the summary comprises no less than 32 pages certainly of larger type, but also much larger pages. The summary in fact will appear to the cynical as an attempt to disprove the axiom that the part is not greater than the whole. We cannot refrain from remarking that we are reminded of some of these "editions de luxe" when ornate covers and wide margins make up for paucity of reading matter.

The volume under review deals with the roads which have been operated by the Shanghai Municipal Council beyond Settlement limits. A chapter is devoted to the origin and development of the external roads system, which is extremely interesting in the historical sense. Many of the facts will be new to some readers, and still recall to the memory of the older hands that Bubbling Well road was once the property of private persons, and that what are now Avenue Haig, Siccawei road and Markham road were first constructed as military roads.

The fact clearly emerges from a study of the report that the extension of roads into Chinese territory, however desirable it may have been thought by those who put it into practice, was without legal sanction. This is so clearly evident that Mr. Justice Feetham practically admits that on legal grounds the Shanghai Municipal Council has no case at all. Official objections by direction of the then Viceroy were made in 1877 to the acquisition of land for the proposed extension of Markham road. Although this attitude was modified subsequently, it indicates the view that was taken over fifty years ago by the Chinese Government. In 1906 the Chinese authorities became more emphatic in protest against what they considered to be usurpation of rights, and since then the extra-Settlement roads have been a perpetual source of friction.

Mr. Justice Feetham explains fully the ingenious methods adopted by the Shanghai Municipal Council to collect revenue by indirect means from Chinese and foreigners who resided in premises fronting these roads. But the very ingenuity of these methods was in itself an admission of the absence of legal justification. When an administrative body has to descend to indirect methods of obtaining municipal revenue, it is an admission that direct methods would not receive the sanction of the law. Mr. Justice Feetham, who has made such a point of the "rule of law," evidently found it difficult to reconcile the roads question with claims made in volume II of the Report. The following paragraph shows this distinctly:

> It must, I think, be recognised that the considerable vested interests in these areas, both of private residents and property owners, and of the Settlement community as a whole, have grow up under a system of administration which, whatever question may be raised as to the adequacy of its legal basis, has developed, during a long course of years, for the most part under pressure of sheer necessity, and has conferred considerable benefits not only on the Settlement and its population, but also on the country population both of the areas immediately concerned and of the adjoining districts.

POLLAR
STEAMSHIP LINES
Fortnightly Round the World

DOLLAR
STEAMSHIP LINES
Fortnightly Round the World

Enclosure No. 2 to despatch No. 751 of March 6, Commissioner, American Consul General at Shanghai, China, dated July 26, 1926, on the subject "Report of Mr. Justice Feetham to Shanghai Municipal Council."

Editorial from THE NORTH CHINA DAILY NEWS (British) of July 26, 1926.

North-China Daily News

IMPARTIAL, NOT NEUTRAL.

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Enclosure No. 2 to despatch No. 751 of Mr. A. Cunningham, American Consul General at Shanghai, China, dated July 26, 1921, on the subject: "Report of Mr. Justice Feetham to Shanghai Municipal Council."

Editorial from THE NORTH CHINA DAILY NEWS (British) of July 25, 1921.

North-China Daily News

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When a [illegible] British engineer visited China a few years ago in a consultative capacity on conservancy work he went the length of expressing the opinion that only through the operation of cooperative work between the foreign and Chinese communities here could Shanghai possibly attain to its real greatness—its size of population, importance as a financial centre, and the preeminence as a world port which its hinterland seemed to have marked out for it. This opinion comes to mind upon a perusal of the latest report of Mr. Justice Feetham—that dealing with the outside roads—which has been issued to-day and of which a comprehensive summary is contained in these columns. Again it is a report of remarkable value to Shanghai, and in every respect calls for the closest attention. The historical portions are admirable in their lucidity, and bear just as much upon the greatness of Shanghai as in the view of the engineer just quoted conservancy operations on the Whangpoo do. The roads outside the Settlement have increased the prosperity of the afore-time villagers and agriculturists to an extent probably not dreamt of in the days before such enterprise was thought of in the district. Such enterprise was due to foreign energy, and it has only been subsequently that Chinese effort has been active in supplementing it. How to secure a working system between the two road-builders has been the task which Mr. Justice Feetham has essayed. All such work is essential to the future prosperity and greatness of the port: the business community with its activities and its demand for amenities must expand far beyond the present bounds; and it is obvious that the only solution lies in a comprehensive system of cooperation as is now outlined by Mr. Justice Feetham. Emphasis should be placed on the point that Chinese just as much as foreigners require these roads, so that there can be no racial bias in this matter.

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the only solution lies in a comprehensive system of cooperation as is now outlined by Mr. Justice Feetham. Emphasis should be placed on the point that Chinese just as much as foreigners require these roads, so that there can be no racial bias in this matter.

Mr. Justice Feetham aims at the creation of a new authority for the control of these outside roads, but this would be extremely difficult to bring about at a moment's notice, and pending this, a sort of inter-regnum is suggested. There is no doubt, with reference to the temporary scheme, that on the part of the Greater Shanghai authorities a very slight concession would bring about a thoroughly satisfactory situation whereby the outside roads would continue to be policed and maintained by the Municipal Council, and it will be seen that under this suggestion in Mr. Justice Feetham's report it would be incumbent on the Council to pay to the Municipality of Greater Shanghai a percentage of the revenue collected, this as a contribution to the administration of the adjoining areas. Here would be concessions by both parties, and furthermore the deadlock as regards these roads which has so long unfortunately existed would be removed, while there would be instituted a scheme with reference to the undeveloped areas adjoining

> by the construction of roads, the provision of drainage, etc., in accordance with town planning schemes, to be prepared so far as possible by the two authorities acting in consultation, for the ultimate development of the areas as a whole.

There is absolute reasonableness in this as a preliminary measure against the time when the second scheme outlined by

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the report can come into force. Naturally, however, such a temporary measure will depend upon how satisfactory the full scheme appears to the people most concerned—the residents on the outside roads and the municipal authorities. The suggestion is that a new body should be set up consisting of the nominees of the Mayor of Greater Shanghai, nominees of the Council of the Settlement, and representatives of residents and property owners, foreign and Chinese, of the areas concerned, who would have powers to control these areas, especialy being given as independent a status as possible. This offers an excellent working arrangement. As a general rule relations between foreign and Chinese residents of these districts are of a very friendly character, and were it left to them to work out a scheme comprising the repairing of roads, sanitation, policing and so forth, there is no doubt that it could be done entirely satisfactorily.

The question is how much can be hoped for from these schemes

character, and were it left to them to work out a scheme comprising the repairing of roads, sanitation, policing and so forth, there is no doubt that it could be done entirely satisfactorily.

The question is how much can be hoped for from these schemes so admirably outlined in the report under review. The experience with reference to the outside roads has not been happy for many years now, but that subject must in the present case be subordinated to the hope of obtaining a better situation based on the recommendations of the Feetham Report. The need for cooperation is insistently emphasized, but it is pertinent to inquire where cooperation has not been forthcoming in the past. In this respect the Municipal Council cannot be held to blame, but on the contrary has shown the keenest endeavour to assist all other bodies in Shanghai in the promotion of the greatness of [illegible] In the report [illegible] which [illegible] the [illegible] plans [illegible] which [illegible] history to the parties concerned. It may be noted that because of the absence of roads, Chinese business men in Shanghai have in many cases themselves established suburban areas reached principally by railway, and it can be seen what an advantage it would have been to them had there been a still further extension of the road system, as initiated under foreign auspices, bringing them within comparatively close touch with their businesses, yet possessing what Mr. Justice Feetham describes in his report as the amenities of garden suburbs. It has already been pointed out in these columns with reference to matters other than roads that without predisposing conditions, foreign efforts and later Sino-foreign cooperation have established in China a workable political system—this also in connection with one of Mr. Justice Feetham's recommendations—and it will not be specially creditable if at this late stage of the day an equally workable scheme, as much for the advantage of the Chinese as of the foreign community, cannot be evolved from his proposals regarding outside roads.

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OFFICE CHIEF OF STAFF
M.I. INTEL. DIV.
MAR 16 3400 1932
WAR DEPARTMENT

Report

CHINA (Political)

Subject: Fengtien Provincial Government

RECEIVED G/2 W. D. MAR 14 1932

There follow translations from the Chinese press, Mukden, of January 29th and 30th giving

1. General Principles Governing the Organization of the Fengtien Provincial Government;
2. Regulations governing the Office of Magistrate;
3. Regulations Governing the Election of the Self-governing Commissioners.

General Principles Governing the Organization of the Fengtien Provincial Government

1. The Fengtien Provincial Government is orgahized in accordance with the wishes of the people of the whole province of Fengtien.

2. The functions of the provincial government shall be as follows:

   1. It shall control the whole province and issue instructions for the province.
   2. It shall enact regulations for the province.
   3. It shall define or alter the administrative boundaries of the districts and towns.
   4. It shall manage the government property of the province and other enterprises.
   5. It shall appoint or dismiss and promote or punish the officers of the government.
   6. It shall supervise local self-government.
   7. It shall supervise administrative and judicial matters.

3. There shall be one governor in the government who shall have charge of the governmental affairs of the whole province and direct and supervise the officers under him.

4. There shall be a secretariat in the provincial government with the following bureaus:

   1. Bureau of Finance
   2. Bureau of Education
   3. Bureau of Industry

   When it is necessary, other experts may be engaged and offices may be established to take charge of special affairs.

5. The functions of the secretariat and the various bureaus shall be as follows:

   A. The Secretariat:

      1. Matters concerning conferences and of confidential nature;
      2. Matters relating to personnel records;
      3. Matters relative to the supervision and investigation of local self-government;
      4. Matters concerning the supervision of and plans for peace preservation;
      5. Matters concerning foreigners;
      6. Matters concerning the Mongolian banners;
      7. Matters concerning administration law suits;

CHINA (Political)

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8. Records concerning the officials of the provincial government and their work.
9. Matters concerning the compilation of statistics and the promulgation of notices;
10. Matters relating to the drafting, despatching, receiving, and keeping of all documents;
11. Matters concerning accounts and miscellaneous affairs;
12. Matters concerning the keeping and using of the official seal;
13. Matters that have not been placed under any of the other bureaus.

B. Bureau of Finance:

1. Matters concerning taxes in the province;
2. Matters concerning the budget and estimates of the various bureaus and of the provincial government.
3. Matters concerning the receipts and expenditures of the provincial treasury.
4. Matters concerning banks and currency.
5. Matters concerning the government property of the province.
6. Matters concerning the introduction of new taxes in towns and cities and alterations thereof.
7. Matters concerning the granting and issuance of loan bonds for the cities and towns.
8. Matters concerning the supervision of the finances of the towns and cities.
9. Any other affairs concerning financial matters.

C. Bureau of Education:

1. Matters concerning instruction in the government schools of all grades.
2. Matters concerning the compilation and approval of the text-books for schools of all grades.
3. Matters concerning the selection of instructors for the schools.
4. Matters concerning system of education.
5. Matters concerning libraries and museums.
6. Matters concerning the supervision of education in the various districts.
7. Other matters concerning education.

D. Bureau of Industry:

1. Matters concerning the development of manufacturing, commerce, agriculture, lumbering, fishery, mining, and their promotion and protection.
2. Matters concerning factories.
3. Matters relating to exhibitions and the investigation of commercial articles.
4. Matters concerning government industrial enterprises.
5. Matters concerning all kinds of registration.
6. Matters concerning the inspection of scales and measurements and their enforcement.
7. Matters concerning monopoly sales.
8. Matters concerning the prevention of cattle diseases and the inspection of cattle for exportation.
9. Matters concerning electric light and electric power.

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10. Matters concerning the supervision of industrial affairs in cities and towns.
11. Matters concerning river conservancy, water way facilities, their plans and supervision.
12. Matters concerning other industrial matters.

6. There shall be one chief secretary in the secretariat. Under the direction of the governor he shall manage the affairs of the department. There shall be one chief for each of the bureaus who shall supervise the work of his staff and the offices under him.

In the secretariat there shall be between four and six secretaries and there may be from two to four secretaries in each of the bureaus. The number of officers in the sections shall be determined according to the amount of work to be handled.

7. Under the government there shall be established the office of magistrate and of mayor. The regulations governing these offices shall be drawn up separately.

8. The names of the various offices directly under the provincial government shall be fixed by instruction; the same will apply to those which were formerly not directly under the government.

9. The government may cancel or suspend any order issued by the offices under it which is considered as illegal.

10. Any controversy arising in the various bureaus or offices under the government over their functions shall be settled by the governor.

11. In the event of important matters arising in the government, the governor may call an administrative conference. The regulations concerning this conference shall be drawn up separately.

12. The government may issue instructions to the bureaus in matters which are under their respective control.

13. The regulations concerning the organization of the secretariat and the various bureaus shall be drawn up by the government.

14. These principles shall come into effect from the date of promulgation.

Provisional Regulations Governing the Organization of the Office of Magistrate

1. The office of magistrate of the districts of Fengtien is established in conformity with the provisions of article 7 of the regulations governing the organization of the provincial government.

2. The functions of the office of magistrate shall be as follows:

1. To enact regulations for the district;
2. To determine or change the administrative areas of the sub-districts;
3. To manage the public property of the district, and its enterprises;
4. To appoint or to dismiss, to promote or to punish officers of the district.
5. To administer other administrative affairs of the district.

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3. There shall be one magistrate in the magistrate's office who under the direction of the provincial government shall administer the affairs of the district and direct and supervise the staff under him.

4. For the purpose of carrying out self-government in the district, a self-government commission shall be formed in the office of magistrate with the magistrate as chairman. A number of commissioners shall be elected for the district self-government commission. The regulations governing the election shall be drawn up separately.

The list of the commissioners as elected shall be reported to the provincial government for record.

5. Important administrative affairs of the district shall be decided by a majority of the self-government commission. Should the number of votes for and against be the same, the chairman shall have the deciding vote.

6. In conformity with the decision of the self-government commission and with established regulations, the magistrate's office shall issue instructions for the district.

7. When carrying out important matters which have been decided by the self-government commission, a report shall be submitted to the provincial government. When the government considers that they conflict with other regulations or laws and are inappropriate, changes shall be made at the required time.

8. The self-government guiding commission shall have access to the records, plans and other documents of the magistrate's office.

The administration and handling of the affairs of the magistrate's office must be reported from time to time to the self-government guiding commission.

Receipts and expenditures of the district shall be subject to inspection from time to time by the self-government guiding commission.

9. In the magistrate's office there shall be established a general affairs office and the following bureaus:

1. Police Bureau
2. Bureau of Finance
3. Bureau of Education
4. Bureau of Agriculture
5. Bureau of Commerce and Labor

According to the requirements of the district, the two bureaus of agriculture, and commerce and labor may combine to form a bureau of industry. Where their duties may be light, the establishment of bureaus may be postponed and their duties shall be carried on by the general affairs section.

10. The functions of the sections and bureaus of the magistrate's office are as follows:

A. <u>General Affairs Section</u>:

1. Matters concerning the drafting of documents;
2. Matters concerning conferences;
3. Matters concerning the keeping, receiving and despatching of documents;

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4. Matters concerning accounts and miscellaneous affairs;
5. Matters concerning the using and keeping of the official seals;
6. Matters which have not been placed under other bureaus.

B. Police Bureau:

1. Matters concerning the distribution of the staff in the police area;
2. Matters concerning the taking of a census;
3. Matters concerning precautionary measures for the preservation of peace;
4. Matters concerning the institution of sanitation;
5. Matters relating to cooperation with the judiciary;
6. Matters concerning fines for breach of police regulations;
7. Other matters concerning police affairs.

C. Bureau of Finance:

1. Matters concerning the budget and estimates of the district;
2. Matters concerning taxes and the tax collections in the district;
3. Matters concerning the deed tax on the transfer or mortgage of land and buildings and other notarial affairs;
4. Matters concerning the registration of land and hill land property;
5. Other matters concerning finance.

D. Bureau of Education:

1. Matters concerning the instruction in schools of all grades below the middle school;
2. Matters concerning social education;
3. Matters concerning the control of libraries and museums;
4. Matters concerning the preservation of ancient relics and of natural objects.
5. Other matters concerning education.

E. Bureau of Agriculture:

1. Matters concerning improvement of land, colonization, and the opening up of waste land;
2. Matters concerning agricultural associations and other associations;
3. Matters concerning the protection of and restrictions on the transportation of lumber;
4. Matters concerning the registration of grains at public granaries;
5. Matters concerning water facilities and river embankments;
6. Other matters concerning agricultural affairs.

F. Bureau of Commerce and Labor:

1. Matters concerning the protection and encouragement of commerce and industry of the district.
2. Matters concerning the merchants organizations and labor unions;
3. Matters concerning markets;
4. Other matters concerning commerce and labor.

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11. There shall be a chief in the general affairs section of the magistrate's office and a chief in each of the bureaus. Under the direction of the magistrate they shall manage their respective offices and bureaus.

The chief of the police bureau shall be appointed or dismissed by the provincial government.

The chiefs of the bureaus may also concurrently be self-government commissioners of the district.

12. For the handling of the work there shall be a number of clerks according to the requirements of the several offices.

13. The self-government commission of the district shall draw up the regulations governing the sections and bureaus of the magistrate's office.

14. These regulations shall come into effect from the date of promulgation.

Regulations Governing the Election of the Self-Government Commissioners

1. These regulations are enacted in accordance with article 4 of the regulations governing the organization of the office of magistrate of Fengtien.

2. The self-government commissioners of the district shall provisionally be elected from a number of members nominated by the self-government guiding commission.

3. With the sanction of the self-government guiding commission, the number of commissioners shall be decided by the magistrate according to the requirements of the district.

4. The tenure of office of the self-government commissioners shall be decided separately.

5. These regulations shall come into effect from the date of promulgation.

N E Margetts

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

PGT

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G-2/2637-I-421

AUG 12 1932
2657-2-42
WAR DEPARTMENT

July 7, 1932.

Subject: Report of Activities in the Far East.

To: A. C. of S., G-2, Hawaiian Department, Fort Shafter, T. H.

Receipt is acknowledged of the report of observations made by 2d Lieutenant William C. Bentley, Jr., Air Corps, following his visit to the Orient. The report has been referred to the interested Section.

For the A. C. of S., G-2:

MAILED G/2 JUL 8 1932

WM. H. WILSON,
Colonel, General Staff,
Executive Officer, G-2.

ml

CONFIDENTIAL

2-1

HEADQUARTERS HAWAIIAN DEPARTMENT
OFFICE OF THE ASSISTANT CHIEF OF STAFF FOR MILITARY INTELLIGENCE
FORT SHAFTER, T. H.

In reply refer to:

JUN 22 1932
2615-J-42/1
WAR DEPARTMENT

June 4, 1932.

Subject: Report of activities in Far East.

To: A. C. of S. G-2, War Department,
Washington, D. C.

1. Inclosed herewith is report of observations made by 2nd Lieutenant William C. Bently, Jr., Air Corps, United States Army, while visiting the Orient on leave status between February 11th and April 21st, 1932.

2. This report is furnished for your information.

Elkin L. Franklin

ELKIN L. FRANKLIN,
Major, General Staff Corps,
A. C. of S., G-2.

1 Incl - Intelligence
Summary.

CONFIDENTIAL

OFFICE OF THE CHIEF OF STAFF
MIL. INTEL. DIV.
CONFIDENTIAL
JUN 1932
WAR DEPARTMENT

1-1

INTELLIGENCE SUMMARY

Note:- This summary written by the undersigned covers a trip made on leave status to China, Manchuria and Japan. (February 11, 1932 to April 21, 1932)

Shanghai - Visited March 6th and 7th

The International Settlement was flooded with homeless refugees from Chapei and outlying districts and there were reports of numerous minor clashes between Chinese citizens and Japanese nationals, many of whom were lynched or badly beaten. Common talk ascribed this to the actions of the Japanese nationals who armed themselves, and, displaying a brassard on their arms, undertook to act as soldiers and police the town. I saw many of them and was once searched by a party of them accompanied by one Japanese soldier in uniform. They were very polite and courteous, but I was told by news representatives and others living in Shanghai, that their actions were most brutal towards the Chinese. My chauffeur (Chinese) was very visibly frightened and stated after leaving that he had seen them shoot without provocation.

Conversation with foreign residents in Shanghai brought out the fact that most of them had sided with the Japanese prior to the Chapei episode due to the arrogant actions of the Chinese civil authorities. They had felt that any change in government would be welcome. However, this feeling was nullified in all instances by the utter brutality of the Japanese and their violation of all laws and codes in their forceful occupation of Chapei and the adjacent territory. Neutral observers were strong in their praise of the gallant fight made by the Nineteenth Route Army in defending the Chinese Settlement and each one interrogated had

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numerous tales of heroic incidents, some being eye witnesses of the fearlessness displayed by the individual soldiers on both sides. Both armies were apparently plentifully supplied with ammunition, though the Chinese had very defective and few field pieces, and their shells were often duds. I saw two of their duds which had been filled apparently with sand. The Chinese however were well supplied with hand grenades which were very effective (Potato Masher Type) and which I was told were made under foreign supervision at Nanking.

Accompanied by two other Army officers I went through a large part of Chapei where the destruction was terrific. What had been a thickly populated town was a shambles of wreckage and dead. The Japanese had advanced slowly through the streets, levelling everything with the fire of field pieces and aeroplane bombs and the inhabitants, most of whom had stayed in their homes thinking the incident to be of a minor nature, were killed or wounded. Foreign correspondents, of whom I interviewed a number, were unanimous in placing the Chinese dead and missing at about 14,000 with about a million homeless. (March 6, 1932.)

The Chinese defenders made every wall into a parapet, and each pile of bricks camouflaged a fox hole. Inspection of the area showed that a very determined stand had been made.

As we proceeded further into the country there was less and less evidence of hand to hand fighting. Kiangwan Station, however, had been the scene of a terrific conflict. The Chinese had used the railroad tracks as a parapet and dug a trench system with bomb proofs along the track for several miles. The station itself was destroyed by shell fire and the track was blown up by shells and aeroplane bombs.

Not far from the station were three huge bomb holes made by aeroplane bombs apparently aimed at the railroad bridge across a creek. They were misses by some fifty to one hundred yards each, but were the largest shell holes noted anywhere. (Thirty-five feet by eighteen feet deep) They were apparently made by thousand kilo bombs which the Japanese are known to have. All three holes were in the middle of a village.

A number of the Chinese (men, women and children) seen in this area inside the Japanese lines were apparently wounded, and many were obviously suffering from shell shock. Some were gibbering idiots. The Japanese mopping up crews were disposing of the dead by burning them in piles saturated with kerosene, but there were still many lying where they had fallen, particularly inside of the destroyed buildings.

We proceeded towards Woosung Fort and passed on the road a regiment of cavalry and a brigade of infantry with artillery, who had apparently just landed from the five troops ships we saw coming up the river that morning.

All uniforms and equipment were obviously new and shiny and we were told that the brigade was made up of civilians (Army Reserve) drafted for the war. All infantry platoons had one machine gun to each two squads and the cavalry had machine guns likewise. No gas equipment was noted. The artillery was horse drawn and nothing larger than three inch field pieces were seen. There were five batteries in the column, which was about three miles long. The column was equipped with rolling field kitchens.

A gun park was seen about five miles inland from Woosung Village, and a tank park, alongside the main highway. There were apparently

two battalions of four field batteries each, parked here. Thirty pneumatic tired (some four, some six wheel) armoured cars were seen and two heavy tanks, both of which were mired down outside the park and apparently abandoned. The larger armoured cars had one pounders firing from a turret amidships. All were camouflaged and some showed marks of rifle fire.

Arriving at Woosung Creek without incident we found it guarded by Japanese soldiers, the railroad bridge blown up and the highway bridge badly damaged. We were not allowed to cross. The village visible across the river was almost completely blown up. There were, as in Chapei, few evidences of disastrous fires as noted in press reports, but the homes were completely levelled by shell fire.

We returned towards Shanghai by the road skirting the river and saw evidence in two places where landings had been effected from troop ships. About a mile below the N.Y.K. docks we found three large Japanese airdromes, utilizing what had apparently been grain fields. They were all fairly close to each other and all were active.

We saw ships taking off at intervals loaded with bombs and others returning empty. The airdromes were adjacent to the road, and at each we watched operations for a few minutes before being ordered (pantomime) very forcefully to move on by guards who advanced on us with bayoneted rifles pointed at our stomachs.

Each field was elaborately surrounded by barbed wire and had machine gun pits dug all around, each with a squad of soldiers on the alert. Their machine guns were mounted on a tourell for anti-aircraft use.

All airplanes were housed in very efficiently set up and constructed portable hangars, consisting of a steel tubular framework covered with dusky green canvas. It is my belief that there were six recommaissance type squadrons and two pursuit squadrons operating from these fields, totaling about eighty airplanes.

The recommaissance type ships which were used as light bombers carried three machine guns and on one, three bombs were counted with apparently room for two more (about twenty-five pound size). All were biplanes having four bay structures, powered with water cooled motors believed to be Salmson. They were old looking and it is believed they were obsolete British aircraft. None of the newer Tachikawa Type "88" planes were seen; I was later told in Japan that the Japanese were using up all of their old ships in the Shanghai affair, having the "88's" in Manchuria.

They, however, had new ships in their pursuit squadrons. These ships were parasol type monoplanes powered with the Bristol Jupiter Mark 7 supercharged radial motors, provided with a N.A.C.A. type cowling. Each wing was supported by two dural external struts running from the bottom longerons to a point about two thirds out on each wing. They were apparently not equipped for night flying and were armed with what I believe to be two Vickers .30 caliber synchronized machine guns. There was no evidence of bomb racks, though the nearest I was allowed to approach these ships was twenty yards. I believe that these ships were the ones being manufactured by the Tachikawa Aircraft Factory, as I noticed many similarities later on inspecting ships at the factory, although factory

officials stated that none had been completed or tested. I saw no pursuit formation flying; the many ships operating being all used singly.

Neutral press representatives told me they had seen two of the Japanese heavy bombers in the air, but we saw none. It was evident from the thousand kilo bomb holes seen that they must have had at least one in operation. From the description given I believe they were low wing Junkers Monoplanes such as the Japanese are experimenting with for night bombardment.

Progressing along the river towards the International Settlement, we came to the N.Y.K. docks, to which were tied two Japanese troop ships, disembarking troops. Again I was struck by the newness of all of their equipment and uniforms. There was also a great profusion of military supplies of all descriptions being unloaded by Chinese labor and by soldiers. I was informed by several persons that the labor of the civilians was forced labor. The supplies were being moved by motor lorries to nearby warehouses, which were all guarded by Marines and Sailors. (NOTE:- No Japanese Marines or Sailors were seen except in Shanghai proper and along the waterfront west of the N.Y.K. docks. All of the details, military police, etc., seen at Woosung, Chapei, Kiangwan, were soldiers.)

Chinwangtao - Visited March 9, 1932

This port, while nominally under Chinese authority, i.e., there were Chinese customs and police, is in reality dominated by the Japanese. Japanese troops were in evidence everywhere and there were patrols along the Tientsin railroad to within about forty-five miles of Tientsin.

Tientsin - Visited March 9th to 13th, 24th and 25th, 1932.

Feeling among Chinese civilians was very high against the Japanese on account of the forceful one day occupation a few weeks previous by the Japanese and the coercion used to force the local Mayor to sign certain pledges. This feeling was additionally inflamed by the continuous arrival of boat loads of friends, relatives, and strangers, all refugees from the terrors of Shanghai and full of terrible stories of death and destruction at the hands of the Japanese.

Peiping - Visited March 13th to 24th, 1932.

While in Peiping I resided in the home of Dr. J.S. Chien, an exceptionally well educated Chinese gentleman and a graduate of Harvard University. He comes of a political family, his father being one of the signators of the Boxer settlement, and is himself an active politician, but a fair minded one. Largely through Dr. Chien and his English speaking friends I gathered the following thoughts:

With the fall of the Manchu Dynasty twenty years ago went the ancient religious beliefs of the people as the Nationalist Government stamped out religion as being merely superstition. At first the common people were secretly horrified by the desecration of their idols and shrines, but as the years passed and nothing happened they became accustomed to it and soon had no religion at all.

Religion and government had gone hand in hand in the Empire, the Emperor sustaining numerous monasteries and temples, and the Church supporting the government. Since the fall of both there has been chaos, with every man for himself. The country has about two hundred military divisions, each of which is under its general, who with "his army" (division) lives off the country, his soldiers being

loyal only to him, who is their leader and their source of pay and food. Their type of government is to the American eye, merely banditry, and high-handed at that.

Often several generals combine forces under a mutually popular leader who may nominally throw his allegiance to the Central Government at Nanking, which itself is characterized with the above, or he may act as his might dictates. These military alliances foment many internal wars and I was told that some twenty of them existed on March 20th. There is apparently no Chinese nation at present, only a race of people. Even this race is a heterogeneous mass of Tartars, Tibetians, Mongolians, Cantonese, Manchus, etc., etc.

The great masses of them are illiterate and care for nothing beyond the morrow, struggling, striving, and starving, throwing their allegiance where craft, cupidity, greed, or chance may dictate, caring only that they may eat and clothe themselves. Graft or "Cumshaw" is God. A man's or woman's life may be brought for a few Mex. Such people may be compared to a sand dune - no two grains will stick together under a strain, yet the mass in movement before the wind will crush and soon obliterate anything that blocks its irresistible progress.

The new China, the educated young, comparatively a mere handful, have very nationalistic ideals and are striving for a united China for the Chinese but are apparently misdirecting their energies towards freeing their land from the hated feet of any and all foreign "devils" before they take the time to teach and unite their own kindred. Americans are better liked than any other foreigners. Even this preference may be coupled with

envy, for it is a basic assumption with them that all Americans are rich. Young Chinese however, who have been educated in America, have a different attitude and are "boosters" for the United States.

Graft is an insidious factor in Oriental dealings. Few Chinese have any scruples against it. It is almost universally practiced and the Nanking government along with the rest is infested and bedridden with it. "Cumshaw" is paid with every government purchase and transaction. Only very recently, I was told, had any attempt been made to eradicate this festering evil of government. I found no trace of what we recognize as national pride among the Chinese, even among those of the better class. "Face" to them means a great deal, though not as much as to the Japanese, whose Samurai take death calmly in preference to the overwhelming dishonor of its loss. (Reference: Major Kato's recent suicide in Shanghai)

The individual Chinese soldier faces death bravely in battle and takes hardships and hard knocks with a fortitude which is rarely met with in other nationalities. The life of a soldier means to him at least fairly regular meals, perhaps a little pay, and a uniform every couple of years. To the average coolie this is the "life of Reilly" and far more than he may ever hope for as a civilian. Their shoes and clothes are usually disreputable rags but in the numerous garrisons visited I never saw a dirty rifle. They may be old and the rifling almost gone but they are cared for with loving hands. Discipline appears to be very poor and their formations very ragged and irregular.

The Forbidden City which is perhaps one of China's most beautiful relics of ancient glory, is policed and guarded by these disreputable looking soldiers and is an example of the decay of government and pride. The

The beautiful buildings, I was told, were cleaned somewhat during the tourist season but when I visited them they were filthy. Crumbling bits of beautiful murals lay broken on the stone floor where they had fallen, days or mayhap weeks, previously. The guards were very careless of the priceless relics and foolish tourists of all nationalities had unhamperedly carved or written their names and even sometimes bits of verse indiscriminately on walls, statues and idols. Young trees were growing out of the porcelain roofs of many buildings where some bird had dropped a nut or seed and no one appeared to mind. Furtive attempts were visible here and there over the town to preserve the ancient beauties, but they, for the most part, were the results of foreign philanthropy.

JAPANESE AIRCRAFT FACTORIES

At the request of the military attache, Lieutenant Colonel McElroy, I made an inspection of two Japanese Aircraft Factories in company with the assistant attache, Lieutenant Thomas B. Cranford. As I was sailing from Yokohama the next day, I was unable to write a report at the time but left a copy of my notes from which Lieutenant Cranford was to make a report consolidated with his own observations.

Nakajima Aircraft Factory (Motor)

The factory is situated in the outskirts of Tokio, at Ogikubo. It was built in 1924 and the engine overhaul (buildings No.'s 9 and 10 on sketch) in 1931. The office and factory are very well lighted, with concrete floors and a central heating plant (very unusual in Japan). They employ six hundred men and two or three girl clerks.

The mechanics serve an apprenticeship of two and one half years, being started out with a pay of fity sen (approximately seventeen and and half cents gold) a day, and gradually working up to a maximum pay of two yen, fifty sen (approximately seventy-two cents gold). Mr. Nakajima, the president, is the authority for the figures stated. The factory hires approximately fifty men apprentices each year, most of whom are absorbed by the industry.

The factory makes only Britol Jupiter Mark 6 and 7 motors at present, constructing them under British license. They also have the patent rights to build the Wright Whirlwind but due to the lack of demand ceased after constructing two of them. On question, Mr. Nakajima stated that the

output of the factory during the past year was ninety motors and that the maximum capacity of the factory was four motors per week. I believe, however, that with the present equipment they could have an output of two motors per day. The factory manufactures the entire motor with the exception of spark plugs, rings, and carburetors, which are manufactured elsewhere under contract, and magnetoes, which are imported from Switzerland (Scintillo). The inspector stated that they preferred American Scintillo but were unable to purchase them as the parent Swiss Company had the sole rights of sale in Japan. All of the stock steel was from the Japan Steel Works and the dural was imported from America.

The motors are not assembled at Nakajima or run up due to the noise, the factory being located in town. Officials stated that high test gasoline only was used for fuel as they had tried the use of ethyl gas and it corroded the metal. On questioning I gathered the opinion that the failure of ethyl gas was due to their lack of knowledge of its characteristics. They had tested motors with it, allowing them to stand without running or cleaning and were unfavorably impressed on finding corrosion when dismantled.

Factory Layout

Number 1: (See sketch) Is a two story frame building, housing the office and clerical force. All shop buildings are built of corrugated iron and concrete, typical American factory construction.

Number 2: Machine Shop. Seven rows of machinery driven by overhead belting and pulleys with from seventeen to twenty machines in a row. The newer machines were self driven. The majority of the

machinery was of American manufacture. Trade names noted :- "Hearn", "Cincinnati", "Worcester, Mass"; several of Japanese manufacture under American patents, and the rest of English, French and German make. As a whole it was very well equipped though there was no routing system and an unequal production of various parts was noted. No safety precautions were observed and mechanics were working on grinders, etc., without goggles. They wear no standard coverall or uniform. Of the new machines, approximately forty-two were new (1930-31) American lathes, drill presses, milling machines, etc., about half of which were self driven and not tied in to the pulley system. The following parts were observed being completely machined in this building: cylinder heads, cylinders, pistons, crank shafts, piston pins, connecting rods, valve housings, propeller housings, cams, rocker arms, worm distributor rings (gas) and bearings.

Number 3: Finishing and inspection of all motor parts and testing of products of competing domestic and foreign factories.

Number 4: This building houses ovens and kilns for the heat treatment of metal products, castings, etc.

Number 5: Central heating plant.

Number 6: This building is a chemical laboratory and experimental station. It has also measuring devices where small parts are calibrated for accuracy. It has a department for metallurgy, for analysis, electrolysis, photography, and microscopic work. It is very completely equipped with modern testing and measuring devices.

Number 7: Electrical. Used mostly for testing magnetoes.

Number 8: Foundry and castings. Aluminum parts only are cast here, - pistons, cylinder heads, manifolds, worm distributor rings, etc.

(NOTE:- The master castings for engine crankcase and propeller shafts are made elsewhere.)

Number 9: Engine overhaul. This building is used for the repair and overhaul of civilian motors only. The army does its own overhauling. This work is done mostly for the civilian air transport companies. The building houses departments of cleaning, disassembly, sand blast and assembly. In various stages of repair were observed two Bristol Jupiter 6's, four Wright Whirlwinds and two Wright J 6's.

Number 10: Mess hall, lecture room, propeller milling, press steel spars, building partly (one-half) vacant. Standard Steel propellers are manufactured here under American Patent license from stock dural (block castings). Some of these castings are poured elsewhere in Japan, some purchased from America. This building houses two copying milling machines for turning out the blades from a master. A great deal of the milling is done by hand with rasp files. The machining in both cases is well done and very accurately checked. Officials stated that they had great difficulty with stock of local produce, the metallurgy being bad and the propellers developing cracks, etc., under use. On questioning, they apparently had no method of inspection other than that of the accuracy of measurement. They knew nothing of etching. They stated that propellers were used indefinitely and were subject only to the daily visual inspection of the mechanics. They straighten and re-use bent blades when possible.

Tachikawa Aircraft Factory

Located about forty miles from Tokyo adjacent to Tachikawa Airport (civilian and army). The factory and grounds cover about six acres. The total number of employees is unknown though approximately two hundred were noted during the inspection. Model "88" reconnaissance plane has been for the past year the standard product of this factory and at present they are also constructing a new single seater, monoplane, fighter, powered with the Bristol Jupiter Mark 7 motor. It was stated that none had been completed or tested but this is extremely doubtful as parts were seen for eight complete airplanes. These parts viewed were identical to the single seater fighters seen at Shanghai.

The president stated that the factory had built in 1930 and 1931, four two-place biplane training ships powered with Gypsy Moth engines imported from England. These ships were later refused as unsatisfactory by the Japanese Government. Two of them were inspected at the field, one of which had been used on a good will tour of Europe last year by two university students. These ships were constructed of steel tubing, fabric covered and were in all aspects similar to the training ships in use in America.

The model "88" reconnaissance type, was equipped with a B.M.W. twelve cylinder, V type, water cooled motor, made under license at the Kawasahi Dockyards. Equipment noted included three machine guns, aerial camera, bomb rack, night flying devices. The fuselage is built up entirely of dural trusses, braced with flat plates and depending partly for strength on the dural covering. The fuselage is one-third covered with fabric. The main gas tank holds about one hundred ten gallons of gasoline and no

brackets were noted for external belly tanks. One of the test pilots stated that they could carry gasoline sufficient for eight hours flying.

An external wind driven dynamo is mounted on the left lower wing and a battery is carried. All instruments had radium dials and were made by the Tokyo Instrument Company under "Pioneer" license except compasses and clocks. They included airspeed, tachometer, clock, switches, lights, oil and water thermometer, pressure gage, altimeter, turn and bank indicator, and two compasses (Periodic, one on the floor, Navy type, and one above the instrument board) The clock was of Japanese manufacture and the compasses were imported.

Wings: Spars constructed of corrugated steel strips braced cantilever fashion by dural compression members. They are of the box type. The individual pieces are riveted together cold by hand using dural rivets. The ribs are of dural strips riveted together and the compression ribs are tubular. The inner bracing is of streamline wire. The entire wing is fabric covered. The aileron and flipper controls are of positive action controlled by tubes. The leading edge and all fairing is of dural.

Empinnage: The rudder stabilizer and flippers are constructed of dural, covered with fabric.

The landing gear is of the split type with oleo type shock absorbers.

Two types of radiator were noted, belly and nose type.

There appeared to be fittings for bamb racks on both lower wings beneath the struts.

No flare equipment was noted.

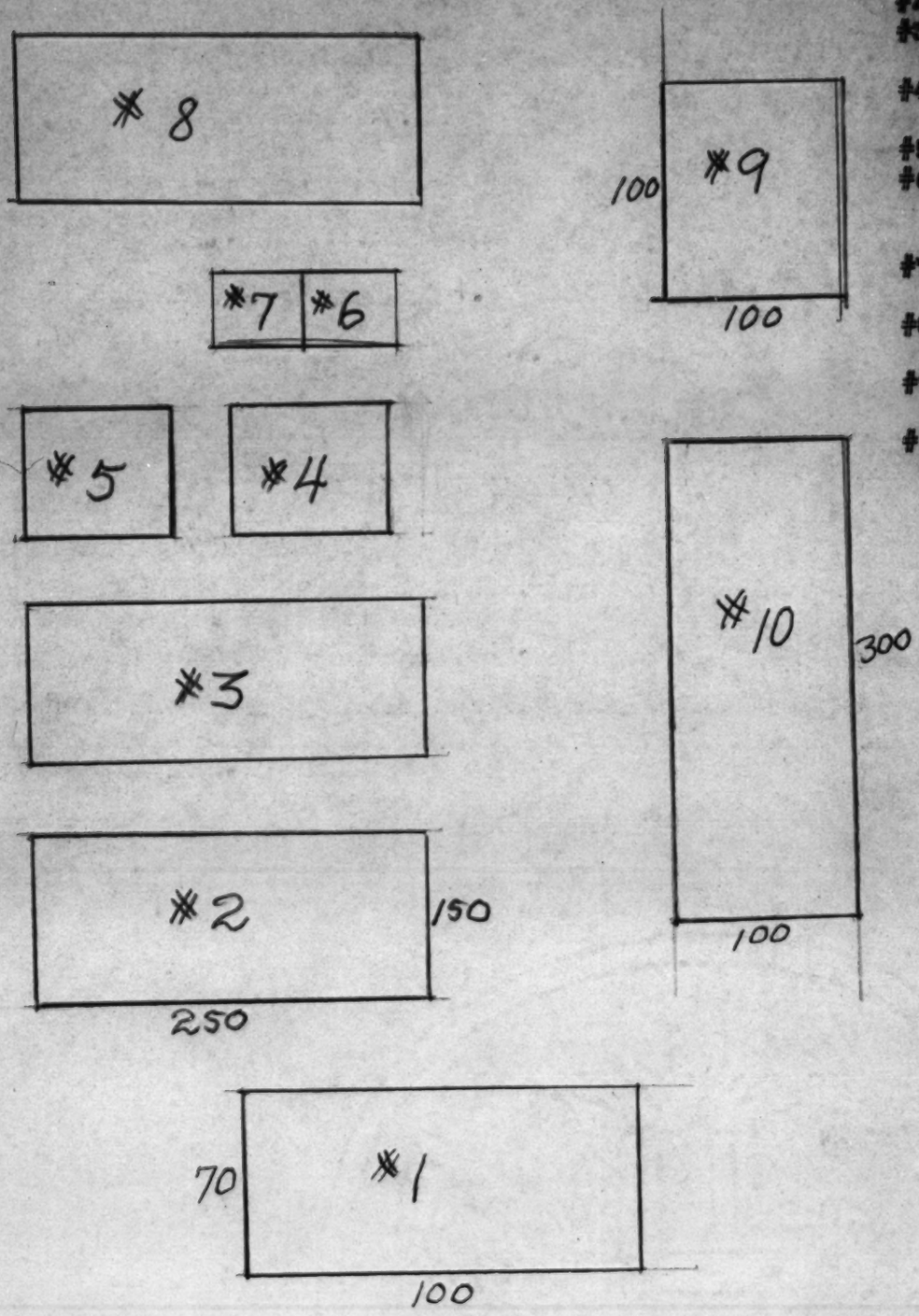
It was stated that these ships were also used as light bombers. An etched glass window in the floor was the only bomb sight seen.

Apparently half of the personnel was engaged in making parts for the single seater fighter mentioned above. The wing structure was very similar to that of the biplane "88". External tubular struts were noted for external bracing. None were being set up and no fuselages were in evidence. The doping of the wings and fuselage appeared to be very rough and poor. The factory had no heated dope room, merely utilizing a part of the large assembly hangar. The fumes permeated the entire building and there were no fan ventilators. The only women employees noted in the factory were engaged in fabric work. (About 15 so engaged)

Building Number 12 (sketch) which isthe machine shop, was constructed for the manufacture of Gypsy Moth motors under foreign license. Several motors were built but were rejected and the shops now used for the machining of small parts. It houses about fity small machines.

The pay scale at this factory was slightly less than that at Nakijima.

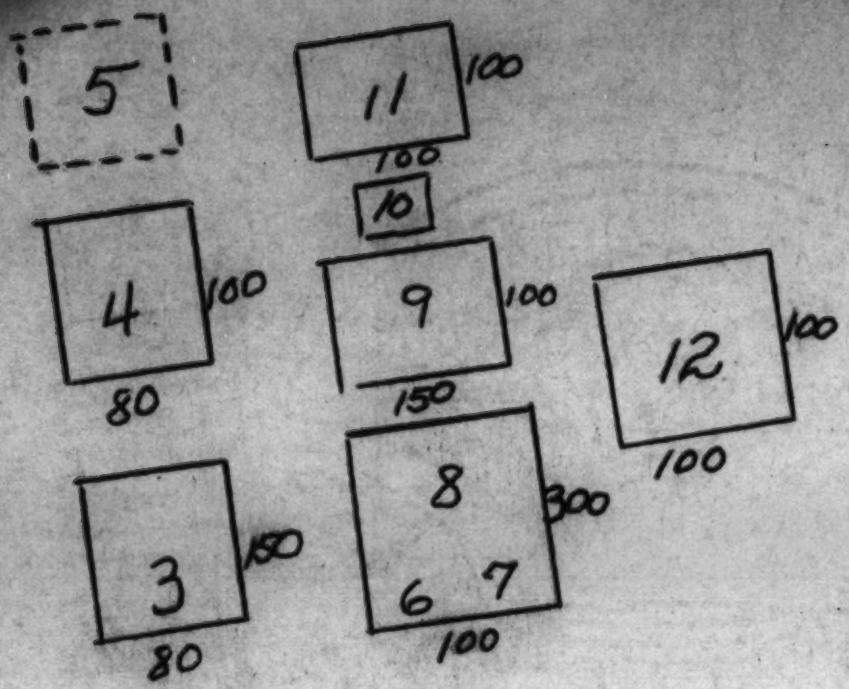
LAYOUT SKETCH OF NAKAJIMA FACTORY.



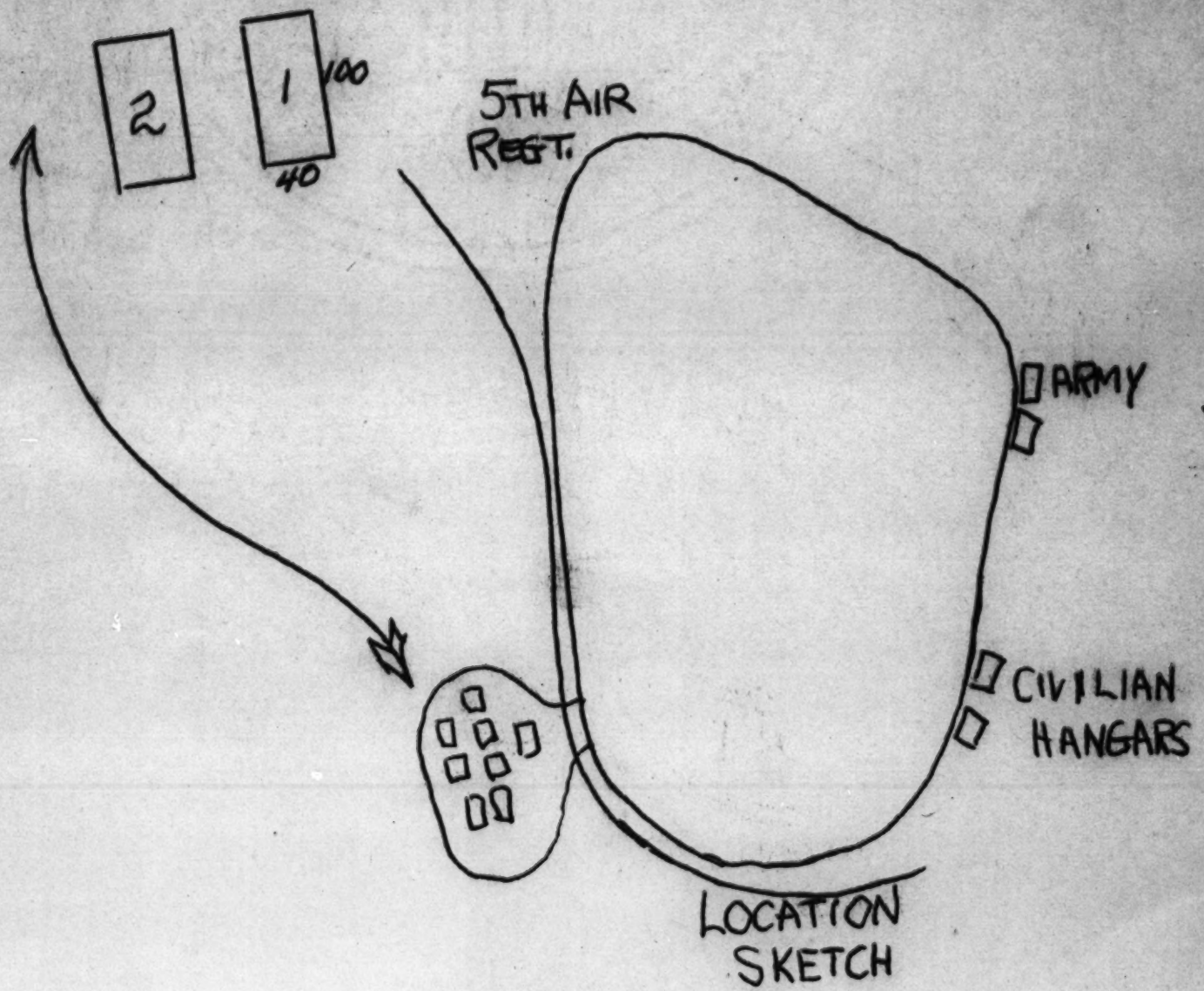
#1—Office
#2—Machine Shop
#3—Machine Finishing.
#4—Heat Treatment.
#5—Heating Plant.
#6—Laboratory Chem. Lab. Metallurgy.
#7—Magneto Testing.
#8—Foundry and Castings.
#9—Engine Overhaul and Assembly.
#10—Mess Hall, Lecture Room. Propellers, Press Steel Spars. Partly ($\frac{1}{2}$)vacant.

LAYOUT SKETCH OF TACHIKAWA AIRCRAFT FACTORY

(Tachikawa Airport)



1.—Office
2.—Drafting
3.—Ribs, Spars, ailerons.
4.— ??
5.—Erecting new Building.
6.—Depo room.
7.—Fabric
8.—Assembly, fuselage.
9.—Metal work.
10.—Foundry.
11.—Machine shop. (Erected to Mfg Gypsy motors)
12.—Storage Hangar.



GENERAL CONCLUSIONS

(NOTE:- These conclusions were drawn from personal observations and, or, from inferences and conversations with residents and neutral newspaper men. Many facts were never released to the press service due to the censorship and the boomerang effect of their release. Being an ex-news reporter, I mingled freely with news representatives and gathered several interesting features. In Japan I have a number of friends and a great deal of their conversation was rather freely spoken. I met a number of Naval Officers and had the honor of having a dinner given to my wife and me by Admiral Mempei Dametsu, I. J. N., who met my wife in Hawaii. Following this I had a number of illuminating conversations with naval officers present.)

Everywhere I encountered the feeling that Japan had her back to the wall due to overpopulation, and that without Manchuria the nation would fall. They do not necessarily desire the annexation of the provinces, but feel they must at least have the free and unhampered use of the territory for economic exploitation and as a hinterland. The government and its agencies are colonizing the country with emigrants, though they have had a hard time convincing families to go. The climate does not suit the Japanese people and they are not eager to combat its hardships. The colonization agencies complain of a lack of applicants. The Chinese on the contrary are eager to move there only they haven't the funds to pay their transportation.

In the past few years there has been a great deal of trouble between these Japanese colonists and the Chinese officials who resent their presence. It was ostensibly for the protection of these colonists nationals that the

invasion of Manchuria was undertaken. Prior to this occupation there was under Chinese administration hardly any semblance of civil peace, banditry flourished, and even the Chinese residents were unsafe. Unquestionably the Japanese occupation has brought about an internal order and police which is a benefit to the inhabitants of all nationalities, though it was ruthlessly undertaken by force.

Mr. Pu Yi, the ex-emperor of China, who had resided in the Japanese compound at Peiping, was smuggled, rumor has it kidnapped, to Dairen and from there to the scene of his new puppet government. In Peiping it was stated that his mother, the old Empress Dowager, had committed suicide when she learned of his traitorous acceptance of the rule of the new state.

During their occupation of Manchuria feeling over the world flamed against the Japanese. They seemed to be very fatalistic and looked on the present war (?) as inevitable. They had to do something, and what matter a few lives, if they save the nation. They feel that every acre gained is so much to the good, and every one lost, not really lost, because they had nothing there to start with. Their greatest fear is of the Russians and all of their actions appear to be influenced by the reports of the Soviet Government's having 300,000 troops along the frontier. Passengers on the trans-Siberian railway report large movements of troops from the west. The militaristic party now in power exerted every influence to prevent other nations from becoming embroiled, yet, at the same time pursued their policy of domination of Manchuria. They felt that if any of the great powers did step in it was inevitable, but as their backs were already to the wall they would go down fighting. As one officer stated - "If the world did jump on us and crush us we would at least be sure of food, for Occidental humanitarianism would compel them to feed and rehabilitate us"

From Manchurian residents and travellers I heard numerous stories which may or may not be based on fact. They stated that in many incidents the Japanese soldiers themselves blew up bridges, set fire to buildings, etc., in order to give them an excuse for taking over districts. Several however, said that this sabotage had now in certain instances been directed against the Japanese themselves by "Reds" and Chinese sympathizers who adapted the Japanese own methods and blocked lines of communication and blew up bridges in the rear of the Japanese line to cripple their movement.

I heard numerous times from well informed persons that while there was no doubt but that the Japanese had cause for retaliation against the Chinese for their actions in Shanghai, the real reason for the incidents inception was to create a disturbance elsewhere at a point where the world's interests would center, in order to draw attention from Manchuria. Whatever the actual cause the effects were beneficial to Japanese subjugation of Manchuria as the Shanghai affair took the attention of the world and "removed Manchuria from the front page."

The Japanese however, found much more to contend with in Shanghai than they had anticipated, and their handful of marines was almost obliterated before reserve regiments could be called to the colors and rushed in "pressed" merchant vessels to the scene.

Having announced via official reports to the press that Shanghai had been occupied, the military regime in power in Tokyo had to press the affair and occupy Shanghai at any cost in order to save "face" or be subject to ridicule. In saving this "face" they threw thousands of soldiers into Shanghai and Chapei and almost bankrupted the Japanese nation. Numerous Japanese with whom I talked were privately indignant at the expenditures so caused.

The Officers on the scene were mostly of the "samurai" class and to stop in face of the stiffening and most unexpected Chinese opposition would be to them cowardly. Death would have been a most welcome substitute to this loss of "face" and they pushed on.

Being "samurai", and it being against their code to ask for help, the Marines, according to what the wife of one of their officers told me, were almost obliterated by the time reinforcements arrived. They had been sent for by the admiral of the fleet in the river who saw and recognized their predicament. Fresh Japanese soldiers, having read of the news of the occupation at home, arrived to find themselves rushed into Chapei into the middle of a fight they had thought was over.

To me the most extraordinary point of the whole episode was the attitude of the Chinese soldiers at Woosung who looked on the defense of Shanghai as being a private war conducted by the Nineteenth Route Army, and who apparently allowed the Japanese warships and troopships to steam unmolestably past the very mouths of their guns for weeks without firing a shot.

WILLIAM C. BENTLEY, Jr.,
2nd Lieut., Air Corps.

1 Encl
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
2657-d-432
JUN 23 1932
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WAR DEPARTMENT

AMERICAN LEGATION

OFFICE OF THE MILITARY ATTACHE
PEKING, CHINA.

May 25, 1932

marks
2657-d-

No. 8297

Subject: "A Plan for the Administration of the Shanghai Area"

To: The A. C. of S., G-2, War Department, Washington, D. C.

RECEIVED G/2 W. D. JUN 21 1932

1. There is attached hereto "A Plan for the Administration of the Shanghai Area". This plan has been prepared by the prominent foreign commercial interests in Shanghai and considerable pressure is being applied to the various consulates to get their approval and weight behind it.

W. S. Drysdale,

W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

1 encls.
elh

A PLAN FOR THE ADMINISTRATION OF THE SHANGHAI AREA

INTRODUCTION

It is in the interest of business, without distinction of nationality—because in reality business knows no national boundaries—that there should be Peace and Security prevailing in Shanghai and the area adjacent to it. It is the aim of this plan to set forth in outline an administration suitable for the Shanghai District which shall ensure Peace, Security and Good Government. It is important to note that this Special Administrative Area would pay taxes to the Chinese Government, and would afford an opportunity for Chinese, in co-operation with Foreigners, to make a substantial contribution to the upbuilding of a strong, prosperous, and well-governed China. Granted the requisite guarantees of (*a*) freedom from military aggression from any source, (*b*) properly constituted independent Courts, and (*c*) a supervision of finances which would strictly account for the receipt and disbursement of all public monies, individual Consular Jurisdiction within this Area will then be modified, thus making a definite contribution towards a settlement of outstanding Sino-Foreign problems.

Together with the guarantee of China that there should be no employment of military forces in this Administrative Area, the Foreign Powers would not only also agree not to station or employ military forces in this Area, but would immediately, on the effective functioning of the Area Administration, withdraw all military forces at present stationed there.

A Military Police Force, partly composed of units supplied by China and the Foreign Powers, would be provided for the Defence of the Area; and, furthermore, China and the Foreign Powers would jointly guarantee to maintain the Integrity of the Area.

The security afforded by this plan would ensure prosperity, and the cost of administration and development would be met by securing to the Administration a proper share of such prosperity.

This plan is the result of careful study for a considerable length of time by many residents of various nationalities who have the present and future interests of Shanghai and China at heart; and, while the plan does not purport to be complete in detail, it is hoped that the general principles outlined will have the approval and active support of those whose duty it will be to determine the future status of Shanghai.

A Plan for the Administration of the Shanghai Area

(1) **ADMINISTRATIVE AREA.**—The Administrative Area shall consist of the Area, including the waters, covered by the three Municipalities, namely: The Municipality of Greater Shanghai, the International Settlement and the French Concession.

(2) **SAFETY OR PROTECTIVE AREA.**—Surrounding the above Administrative Area there shall be a Safety or Protective Area.

(3) **NAME OF THE ADMINISTRATIVE AREA.**—The Administrative Area, referred to in Paragraph 1, shall be called the SHANGHAI SPECIAL DISTRICT.

(4) **NAME OF THE AUTHORITY ADMINISTERING THE AREA.**—The Authority administering the Administrative Area shall be called the SHANGHAI SPECIAL DISTRICT COUNCIL (S.S.D.C.)

(5) **NATURE OF CHARTER OR AGREEMENT UNDER WHICH AREA SHALL BE CONSTITUTED.**—The Constitution of the Shanghai Special District shall be provided by the grant of a Charter by the Government of China with the approval of the Powers.

(6) **TIME LIMIT OF SUCH CHARTER.**—The time limit of such Charter to be for a term of thirty (30) years, automatically continuing for further periods of ten (10) years, unless five (5) years previous to any expiry date other arrangements are made.

(7) **CONSTITUTION OF THE SHANGHAI SPECIAL DISTRICT COUNCIL.**—The Charter granted by the Government of China shall set forth a complete Constitution for the Shanghai Special District delegating to the Shanghai Special District Council full powers for the proper control, administration and development of the Area.

Realising that it is important that the Shanghai Special District Council shall be free from the outside political control of any nation or Government in order that the district shall be administered in the best interests of all nationalities residing therein, it is considered essential that the nationals of no one individual country shall have a majority representation on this Council, and provision should be made in the Charter for this.

(8) **REPRESENTATION.**—It is considered essential that at any conference or on any body established to discuss or determine the future status of Shanghai or the Area, there shall be represented, *inter alia* :—

(1) The Municipality of Greater Shanghai.
(2) The Shanghai Municipal Council.
(3) The French Municipal Council.
(4) The Chinese Chamber of Commerce.
(5) The Shanghai General Chamber of Commerce.
(6) The Chinese Ratepayers' Association.
(7) Representatives of the Shanghai Foreign Residents.

(9) **TERRITORIAL INTEGRITY.**—The Chinese Government and the Powers shall guarantee the territorial integrity and safety of the Shanghai Special District and free access thereto.

(10) **RELATIONSHIP OF THE SHANGHAI SPECIAL DISTRICT COUNCIL WITH THE SHANGHAI MUNICIPAL COUNCIL, FRENCH MUNICIPAL COUNCIL, AND LOCAL AUTHORITIES CONTROLLING CHAPEI, POOTUNG, WOOSUNG, Etc.**—It is visualized that the local authorities mentioned will continue to administer their respective areas under the general direction of the Shanghai Special District Council, the Shanghai Special District Council to have power to delegate authority to Municipal authorities to exercise control over specified areas and to create new municipal areas. Effective control shall be vested in the Shanghai Special District Council.

(11) **FINANCIAL MATTERS AND TAXATION.**—The Shanghai Special District Council to have authority, *inter alia*, to issue debentures, to impose taxes for District Administrative expenditure, to delegate authority to Municipalities and minor authorities to impose Municipal and Local Taxes, to collect or delegate authority to collect District, Municipal and Local Taxes, and to determine what district taxes in addition to Municipal or local taxes shall be payable by residents in Municipal or local areas and to collect same.

(12) **NATIONAL TAXATION.**—It is the intention that reasonable National Taxes shall be collected within the Area on behalf of, and be paid to, the Government of China, and the following alternative suggestions are made as to the national taxes which shall be payable:

(1) Reasonable national taxes of a non-discriminatory character which is in practice imposed, collectable and collected throughout the Republic of China;

or

(2) A fixed percentage of the District and/or Municipal taxes collected;

or

(3) Such national taxes as may be agreed upon between the Chinese Government and the Shanghai Special District Council. Any such national taxes shall be collected by the Shanghai Special District Council on behalf of the Chinese Government, but no taxes shall be collectable before the date on which they become due and payable.

(13) **DEFENCE.**—In addition to the ordinary Civilian Police Force, a Military Police Force of an International character, including a Chinese Unit, shall be formed for the protection of the Shanghai Special District and the maintenance of law and order; this Force to consist of approximately 5,000 men and to function under a single command.

The cost of maintenance of this Military Police Force shall be paid for by the Shanghai Special District Council.

(14) **LAND TENURE.**—The Constitution shall provide for a system of land tenure in the Shanghai Special District.

(15) **JUDICIAL SYSTEM, COURTS, ETC.**—The Shanghai Special District shall have its own independent judicial system for the administration and enforcement of law. Separate memoranda will be attached suggesting a suitable judicial system.

(16) **MODIFICATION OF CONSULAR JURISDICTION.**—When the judicial system, referred to in the preceding paragraph, is established, the Powers to be requested to modify individual Consular Jurisdiction within the Area.

(17) **CUSTOMS, POSTS AND GOVERNMENT SERVICES.**—The Government of China shall have the right to maintain in the Shanghai Special District:

(1) The Chinese Maritime Customs Service;

(2) The Chinese Post Office and the Chinese Telegraph and Radio Administrations, with the reservation that there shall be no censorship imposed within the Shanghai Special District unless by consent of the Shanghai Special District Council;

and

(3) Chinese Government Railway Services.

(18) **PUBLIC UTILITIES.**—All *bona fide* franchises which are in force and which have been granted by Municipal Authorities shall be respected.

(19) **CONSERVANCY.**—The Shanghai Special District Council shall take over all obligations, rights and privileges in regard to the conservancy of all waters and water courses in the Shanghai Special District and including, for this purpose, the area over which the present Whangpoo Conservancy Board has jurisdiction.

(20) **SAFETY AREA (MAINTENANCE OF ORDER).**—The Chinese Government shall maintain law and order in the Safety Area (referred to in Paragraph 2), but shall not employ or station Military Forces in this Area. Should, however, the preservation of law and order or the suppression of banditry require the utilisation of military forces in this Area, arrangements shall be made for the co-operation of the Shanghai Special District Council.

The Foreign Powers likewise to agree not to employ or station Military Forces in this Area.

The Shanghai Special District Council shall not employ or station Military Forces in this Area.

(21) **WITHDRAWAL OF FORCES.**—As soon as possible after the grant of the Charter and the formation of the Military Police Force, mentioned in Paragraph 13, China and the Powers shall cause to be withdrawn from the Shanghai Special District and the Safety Area all Military Forces stationed therein.

(22) **OBLIGATIONS.**—In addition to the specific matters heretofore mentioned the Shanghai Special District Council shall undertake all recognized duties of local government without discrimination or distinction in regard to nationality.

(23) **CHINESE DELEGATE.**—The Chinese Government shall be at liberty to appoint a Delegate as their Special Representative in the Shanghai Special District.

(24) **GUIDANCE FROM LEAGUE OF NATIONS.**—It is suggested that the guidance and assistance of the League of Nations shall be sought and expert advice secured from the League in connection with the constitution and administration of the Shanghai Special District and that a permanent delegate may be appointed.

PRESENTED BY AN INTERNATIONAL
GROUP OF SHANGHAI RESIDENTS

March 21st, 1932.

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

AMERICAN LEGATION

OFFICE OF THE MILITARY ATTACHE
PEKING, CHINA.

2657-D-423
WAR DEPARTMENT

January 18, 1933

CONFIDENTIAL

No. 8481

Subject: Chinese Official Opinion Concerning American Attitude Toward Present Sino-Japanese Difficulties.

To: The A. C. of S., G-2, War Department, Washington, D. C.

RECEIVED G/2 W. D. FEB 14 1933

1. Forwarded herewith is a copy of a report from the American Consul General at Nanking, dated January 9th, to the Department of State, containing an account of a conversation between Lieutenant H. L. Boatner, language officer attached to this office, and Dr. Yu, Secretary General of the Chinese General Staff. Attention is also invited to confidential Report No. 8301 from this office dated May 24, 1932.

2657-D-423/1

2. These reports confirm the impression that the idea prevails generally among Chinese officials that America has a vital interest in the outcome of the present Sino-Japanese dispute, particularly in preventing Japan from gaining a foothold on the Asiatic mainland, and that due to such interest the United States will assist China in securing military supplies. Chinese plans now being put into effect contemplate the employment of over 200,000 Chinese troops in the area Shanhaikwan-Tientsin-Peiping and including the Province of Jehol. The government has not sufficient funds with which to pay all their troops and to equip properly and supply adequately these forces for battle. Foreign munitions firms as a rule demand cash payment of a certain per cent. on shipment and payment of the balance upon delivery in a Chinese port. These firms are loath to advance credit for such purchases in view of the lack of security involved.

3. On January 12th Mr. Linson Dzau, West Point graduate who now holds a commission in the Foreign Office at Nanking and who states he is acting as liaison officer between the Foreign Office and the General Staff, stated to me emphatically that the Chinese believed that they were fighting America's battle in the present difficulties with Japan and that the General Staff at Nanking felt that it was reasonable

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to expect some form of American assistance; that the assistance most desired at this time is credit which would permit the Nanking Government to purchase munitions and war supplies and, incidentally, assistance in the way of military advisers. I am of the opinion that, in the minds of the Chinese, the latter is of far less importance than the matter of getting credit for the purchase of supplies in America.

4. This opinion among Chinese officials is known to have been encouraged by Mr. Thomas Millard, the well known American adviser to the Nanking Foreign Office. I have had the opportunity to read several of the memoranda written by Mr. Millard to Mr. Lo Wen-kan, the Foreign Minister, in which he (Millard) advances the opinion that the League can do very little for China and that America is the most vitally interested power in preventing Japan's extension in Asia and the only power that is likely to take effective steps to prevent such extension; that China should seek American cooperation in this matter. That this advice has had its effect is evidenced by the numerous conversations between Chinese and American officials.

5. My reply to Mr. Dzau was to the effect that there was no prospect of war between America and Japan; that America's trade with Japan was much greater than her trade with China; that that trade would not be seriously injured by Japan's extension into Manchuria and that no vital American interest was involved; that there was no legal machinery that would permit the War Department to make arrangements for credit on purchases in America, and that in my opinion it would be futile to expect American assistance as desired. I further told Mr. Dzau that in my opinion the American Government was interested, together with the other world powers, in protecting the treaties and agreements designed to prevent war and that on that account we were concerned in the present dispute. Lieut. Boatner at Nanking was instructed to that effect.

6. The fact that this opinion prevails among Chinese officials will no doubt be of interest to the War Department and this letter is written in the expectation that instructions will be issued in the matter of a reply to Chinese officials should the opinion of the War Department differ from that already indicated. Should Japan disregard League opinion with regard to a settlement of the present dispute——a seeming probability, and should the United States be a participant with the League in attempting a remedy, United States officials might conceivably be interested in the present Chinese attitude in respect to munitions.

W. S. Drysdale.

W. S. Drysdale
Lieutenant-Colonel, Infantry,
Military Attache

1 encls.

Copy for the American Military Attache.

AMERICAN CONSULAR SERVICE

American Consulate General,
Nanking, China, January 9, 1935.

FEB 6 1935

DEPARTMENT OF STATE
MIL. INTEL. DIV.

2657-J-423

WAR DEPARTMENT

Confidential

Subject: Sino-Japanese Controversy: Tentative Bid by China for American Military Assistance.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to enclose herewith a Memorandum prepared by me under date of January 9, 1935, containing an account given orally by Lieutenant H. L. Boatner, U.S.A., of the Military Attache's office and now on temporary detail in Nanking, of a conversation held by him on January 8, 1935, with Dr. Yu, Secretary General of the Chinese General Staff. Dr. Yu stated that he is a grandson of Marquis Tseng Kuo-fan and a son of the Marquis Tseng who was Chinese Minister to Great Britain. In spite of his military duties, Dr. Yu has not received a military education, but obtained his doctor's degree at Harvard after writing a thesis on mathematics.

Dr. Yu's

Dr. Yu's object in talking with Lieutenant Destner was to explore the possibilities which may exist for obtaining from the American Government for the Chinese Government technical, material and financial assistance in China's present military resistance to Japan. He argued, in effect, that Japan is a potential enemy of the United States and that it would be to the advantage of the United States to assist China to prevent Japan from strengthening herself by expansion on the Asiatic mainland. The same sort of argument was made to one or two officers of the American Legation last summer by Dr. H. H. Kung, who is now on a special mission in the United States.

I may add that the view seems widely held among Chinese that the alleged American hegemony of the countries bordering the Pacific Ocean will be lost if Japan succeeds in gaining a foothold on the continent of Asia. The corollary to this view is, of course, that the outcome of the present struggle is as vital to the United States as to China and that it would be easier and cheaper for the United States to assist China to frustrate Japan's expansionist schemes, than to fight Japan later on when her strength has been immeasurably increased through obtaining control of the financial and material resources of

Manchuria

Manchuria. Some Chinese explain the lack of response to this reasoning on the part of the United States by saying that the American people are ignorant in regard to Asiatic international politics, are preoccupied with economic difficulties and ambitions, and, rather paradoxically, are characterized by an idealistic mentality which refuses to recognize and face the predatory imperialistic ambitions of Japan.

In view of Dr. Yu's request that Lieutenant Boatner make no report of the conversation described in the enclosed memorandum, Lieutenant Boatner felt that he should make no official report on the subject to his superiors. However, it seemed to me that the matter was of sufficient importance to be placed on record, and now that this has been done, Lieutenant Boatner requests that a copy of this despatch, with its enclosure, be handed to the Military Attache.

Respectfully yours,

Willys R. Peck,
American Consul General.

Enclosure: Memorandum of Conversation, dated January 9, 1933.

In quintuplicate to the Department.
In duplicate to the Legation.
One copy to the American Military Attache.

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WRP/ECH

A true copy of the signed original

MEMORANDUM OF CONVERSATION

Confidential

Dr. Yu (Ph.D. Harvard, 1919. Student in Germany on Harvard fellowship.)

Lt. H. L. Boatner, U.S.A.

January 9th, 1933.

Dr. Yu called upon Lt. Boatner on January 8th and stated that he was the Secretary General of the General Staff of the Chinese Army, and as such is directly under the orders of General Chiang Kai-shek, who is Chief of the General Staff.

According to the account of the conversation given to Mr. Peck, Counselor of the American Legation, by Lt. Boatner on the morning of January 9th, what follows is the general purport of what was said:

Dr. Yu observed that it was obvious that Japan is a potential future enemy of the United States. It is Japan's object to obtain a political and military foothold on the Asiatic continent, her present objective being Manchuria and China. If Japan succeeds in obtaining this foothold on the mainland, she will be a much more formidable antagonist against the United States than she would be otherwise.

This being the case it would be to the interests of the United States to assist China to foil the attempt of Japan to expand on the continent, rather than to allow Japan to succeed in this attempt.

What China needs most are expert military advice and war materiel. Dr. Yu strongly advised that special officers of the American Army be sent to augment the staff of the

American

American Military Attache, with the duty of giving constructive advice to the Chinese high Military command.

Dr. Yu was anxious to learn what the attitude of the American Government would be toward the supplying of munitions of war and of raw materials to be used for the manufacture of munitions in China. He remarked that the Chinese arsenals found it difficult to obtain adequate supplies of iron, copper, steel etc.

Dr. Yu observed that the expense which would be involved in obtaining adequate amounts of munitions and of raw material for use in fighting Japan successfully would be very great and he suggested, in line with his argument already quoted, that the American Government might be willing to take measures which would enable the Chinese Government to acquire munitions and raw materials on credit.

Dr. Yu said that it was no use for the Chinese Government to look to the German Government for assistance in these matters, in spite of the fact that the large number of German officers in Nanking seemed to indicate that there was some kind of rapprochement between the two countries in a military way. The German Government, in point of fact, constantly hampers the Chinese Government by making it difficult for China to purchase military equipment in Germany. All that China can expect from Germany is the opportunity to hire expert German advisers.

Another country to which China might naturally look

for

for assistance in opposing Japan's imperialistic policy is the Soviet Republic. It would, however, be very dangerous for China to accept assistance from the Soviet Government. The Communist influence in some Provinces, e.g., Kiangsi, is so strong that the Chinese Government is hardly able to eradicate it and the Government's efforts in this direction would be made still more difficult if the Government were to accept assistance from the Soviet Government. China is too weak to accept great aid from Russia which might place China under the complete control of bolshevist influence.

Consequently, all the circumstances of the case lead the Chinese military authorities to look to the American Government for cooperation through the supply of expert military advisers and through making it possible for the military branch of the Chinese Government to obtain munitions and raw materials on credit.

Dr. Yu emphasized that his remarks to Lt. Boatner were made on his own initiative. He hoped that Lt. Boatner would not report the conversation they had had until he (Dr. Yu) had had an opportunity to sound the views of Mr. T. V. Soong, Minister of Finance, and General Chiang Kai-shek, Chief of the General Staff.

Lt. Boatner was mainly a listener in this conversation. In reply to direct questions, however, he told Dr. Yu that he thought that the policy of the American Government was directly opposed to any direct cooperation with China in China's controversy with Japan in the form of sending

military advisers, or in the shape of assisting China to obtain munitions and raw materials on credit. He advised Dr. Yu to consult Mr. Julean Arnold, American Commercial Attache, in the matter of purchasing munitions and raw materials in the United States, since it was the specific duty of the Commercial Attache to promote American trade with China. Lt. Boatner also advised that the Chinese Government negotiate with commercial firms for the purchase of its munitions and raw materials. Dr. Yu said that the Chinese military authorities did not wish to pursue this course, but wanted to deal with some American governmental department or direct with manufacturer, with an American military officer participating in all negotiations.

Dr. Yu explained, rather naively, that General Chiang Kai-shek, did not want to enter into any negotiations with American authorities until he had reason to know that such negotiations would succeed, for fear that failure would play into the hands of his political enemies. For this reason he insisted that the initiative in the matter must come from the American Government.

WRP/ECH

A true copy of the signed original

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
AUG 17
2657-J-42

G-2 Report

WAR DEPARTMENT

REPORT ON TRIP TO HONAN

RECEIVED G/2 W. D. AUG 15 1932

In compliance with orders from the Military Attache and under instructions of the American Minister, I left Peiping for Kaifeng, Honan, on the evening of June 28th with the following mission: "To make discreet inquiries as to the situation and to bring direct pressure on the Honan authorities for the release of Messrs. Vikner and Nyhus of the Lutheran United Mission".

Upon arrival at Kaifeng, Honan, at noon on June 30, in the absence of the Provincial Chairman, Liu Shih, I made an appointment with Mr. Chang T'ing-hsiu, Chief Secretary of the Provincial Government (smart and smooth) and during a later interview received letters to General Liu Shih, who was expected to return to southern Honan from Hankow, and to General Liu Te-fang, Chief of Staff of Honan forces at Mingkang. I left Kaifeng at 1:00 a.m., July 2nd, arriving at Mingkang at 6:00 a.m., July 3rd, where I was cordially received by General Liu who gave me a letter to General Ma Hung-kuei (commanding the 15th Route Army) at Sinyang, on the western border of the communist infested area. General Liu put a special train at my disposal for the ninety li journey. Upon arrival at Sinyang at about noon I got in touch with General Ma, who sent a car to bring me to his headquarters.

General Ma was friendly, cordial and apologetic for the lack of tranquility in China, of which the capture of the missionaries was an example. He stated that he had warned them that the summer resort of Chikungshan was unsafe due to communist-bandit operations to both sides of the Ping-Han Railway. General Ma informed me that the communists in that area (southeast Honan-west Anhwei and northeast Hupeh) numbered about 40,000 disciplined Reds armed with 30,000 rifles, some machine guns and few trench mortars, with no ammunition for the latter, but no artillery, nor would the possession of it be an advantage as it would be a hindrance to rapid movement. The terrain is exceedingly mountainous with few paths, excellent cover from aerial observation or attack, making military operations and the service of supply for large bodies extremely difficult. The Red tactics are to avoid combat with large, well organized and equipped bodies but to surprise by night attack or ambush separated detachments, capture arms and ammunition and win over the troops by propaganda whenever possible.

The government contemplates a general offensive for the eradication of communism-banditry in this area as soon as troop concentration and disposition are ready and preparations are complete. The operation is to be under personal supervision and coordination of Chiang Kai-shek. Heavy troop movements are now taking place to surround the infested area. On the western side of this area about 150 miles wide and 75 miles from north to south, along the Ping-Han Railway, are the 3rd and 13th Divisions and the 15th Route Army; to the north along the motor road are the 80th, 2nd and 20th Divisions; the 1st and 4th Divisions are on the east face in western Anhwei, while the 30th and 31st Divisions are operating from the south in the north of Hupeh.

With reference to the raid on Chikingshan, General Ma informed me that the raid occurred at about daybreak and that the local police and militia, about 50 men who are Hupeh men (not under his control) although the resort is in Honan, did not show fight, but surrendered their arms, ammunition and other equipment. He said nothing about his own troops being there. I found out and later confirmed from other sources that a battalion of about 500 men was stationed on the mountain. The communists, about 140, notified the garrison that they were 10,000 in number and told them to stay in their barracks. About two hours after this detachment had left another Red unit of about 400 men came up to disarm the troops, whereupon Ma's men showed fight and drove off the attackers. The garrison lost seven killed and thirty-two wounded. Fatalities among the Reds were reported much higher. In this connection, I saw some of Ma's wounded in this affair. The men were fine physical specimens, some of them, although wounded only a week before in both legs, were walking around. The wounds were all caused by rifle-bullets or hand grenades.

As General Ma finished the narrative of the situation, Dr. Casper Skinsnes of the Lutheran Union Mission at Sinyang came in and told me that he had received information from railroad workers early that morning that Vikner and Nyhus had been released, and showed me a telegram from their Hankow headquarters confirming the fact. Whereupon my mission being finished I took leave of General Ma, who was visibly relieved by the news, he having been directed by telegram from Chiang Kai-shek, which he showed me, to spare no efforts to obtain release of the captives. At the railway station I met General Liu Shih who was returning from Hankow to Kaifeng because of his mother's death. The Chairman of Honan was very courteous and also seemed pleased to hear of the release. I left Sinyang at 7:50 p.m. July 3rd arriving at Peiping at about 6:00 p.m. July 5th.

Observations.

At Sinyang Dr. Skinsnes, who had seen the released women, informed me that all captives had been under the circumstances treated with every consideration, and when released were sent back in chairs, being given six dollars per chair-bearer to be paid upon return to Chikungshan. It is interesting to note that when an extra chair was found to have been ordered that the surplus six dollars were turned over to be divided among the bearers who carried the heaviest women. The Vikner family, all of whom wore glasses, were ordered to turn them in; later all glasses with the exception of those of the Reverend Vikner were returned, with a statement that they (Vikner's) fitted a "comrade" who was badly in need of them. Vikner was asked how much he had paid for them. To his reply of "eight dollars", he was offered the money in payment. On his refusal to sell the glasses were kept anyway. The above treatment, as well as the release which is said to have been made because the captives came from a poor mission and had done no harm to the countrymen, indicates that the captors were disciplined communists, not bandits, and were controlled, and were animated by a spirit foreign to the average Chinese soldier.

An interesting incident occurred on the return trip when an army officer who tried to ride without a ticket was ejected at a station by the military police. There was much talk, followed by use of force. An officer of the military railway police informed me that while high military officials might order a special train, they could not ride free on passenger trains any more.

In conclusion I wish to observe that I found the military men cordial, direct, comparatively frank, and easy to deal with. There was none of the procrastination, ceremony and "beating about the bush" that one experiences with civil officials, nor was there any difficulty in securing a prompt interview. In the field even general officers live very simply, - a trestle bed, a table and a chair being all the furniture I saw, and even the beds were usually improvised out of a door or a few odd boards.

Arcadi Gluckman

Arcadi Gluckman
Captain, Infantry (DOL)

No. 8338 1st Ind. WSD:elh

Office of the Military Attache, American Legation, Peiping, China, July 11, 1932 - To: The A. C. of S., G-2, War Department, Washington, D.C.

1. Forwarded. This report gives some interesting information regarding the bandit-communist infested areas in Honan and of the proposed general offensive now being prepared by General Chiang Kai-shek against those areas.

2. Attached herewith is a commendatory letter from the American Minister regarding Captain Gluckman's mission.

W. S. Drysdale

W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
OCT 15
2657-J-426
SEDO

CHINA (Political) WAR DEPARTMENT

Subject: The Anti-Civil War League.

RECEIVED G/2 W. D. OCT 11 1932

The General Chamber of Commerce of China, the Chamber of Commerce of Shanghai, the Bank Association and the Money Shops Guild jointly issued a circular telegram on May 25th to the chambers of Commarce, Bank associations and educational bodies of the larger cities of China, proposing the formation of a federation for the purpose of uniting the people in a common movement for the prevention of war. The telegram stated that foreign aggression on China is the result of incessant domestic strife and constant civil war.

The federation proposes to attain its object by propagation of writings and lectures on the need and benefits of peace. When political complications threaten a renewal of civil war, the association should advise the parties concerned to abide by the decision of a national representative organ. Pending the establishment of such an organ, legal organizations or occupational groups shall be entitled to adjudicate between the contending parties. In case civil war breaks out, the individual members of the federation should refuse cooperation with the offending parties and adopt such measures as will be deemed proper and peaceful to stop the war.

The regulations further stipulate that the federation shall not engage in activities which have no relation to the movement for the elimination of civil war, and that membership therein is open to individuals and organizations, irrespective of sex, occupation and party affiliations. No admission or membership fees will be charged, but the federation may solicit contributions from those interested in the movement, but not from any official organizations, national, provincial or district.

In pursuance of the above project, the National Anti-Civil War League was formally inaugurated in Shanghai on August 27th. About 500 representative leaders of China, representing 401 organizations such as chambers of commerce, bankers' groups, guilds, labor unions and other non-political societies met with the object of uniting the entire nation in a movement to put a permanent end to the internal strife which has been racking China since the overthrow of the Manchu dynasty in 1911.

The large attendance shows the nation wide support given the league, which is proposed to function as an organization for a period of five years, and longer if the object has not been attained.

The league proposes to attain the object of prevention of civil wars by application of peaceful methods, such as urging parties to political dispute to submit their controversy to some legally constituted civic organization for mediation or arbitration. In this connection the definition of civil war was arrived at as being any struggle by force in the same state, except bandit-suppression. The measures of non-co-operation with parties to armed conflict will be employed only when all other methods have failed.

The most effective among the latter means, is financial non-co-operation by the bankers by refusing to grant loans necessary for purchase of munitions. Other measures included proposals for

CHINA (Political)

Subject: The Anti-Civil War League.

propaganda among the army and the navy, with the object of teaching the personnel that they were paid by the nation and should not engage in civil wars for the aggrandizement of any individual leader; propaganda in war-affected areas for non-payment of taxes, and calling for co-operation of railway employees and shipping firms to refuse transportation of munitions, supplies and personnel.

A standing committee elected consist of:-

Dr. H. C. E. Liu; K. H. Lin, Chairman of National Federation of Chambers of Commerce; Wong Shao-lai, Chairman of the Shanghai Chamber of Commerce; Hsu Chi-ching, Chinese Bankers' Association; Y. M. Chien, Manager of the Joint Savings Bank, and L. T. Chen, General Secretary of the Chinese Y.M.C.A., Yen Ngo-shen, General Secretary, and Messrs. Wellington Liu and Liu Kwang-pei, Secretaries.

This movement to outlaw domestic wars by organization of a nation wide league evoked national interest. From Peiping, Tientsin, Canton, Hankow and Nanking came indications of willingness to join from chambers of commerce, guilds and bank associations. The project obviously arises from the fact that China's business men realize that internal strife is responsible for the conditions which exposed them to foreign aggression with resultant suffering and losses incurred in Shanghai.

Whatever strength a movement of this kind may have, it will be increasingly difficult for Chinese politicians and militarists to resort to war to gain their ends, and they are for the time being compelled to adopt other methods.

The recent abortive attempt to impeach government leaders for signing the Shanghai agreement, and the short lived postal strike (rumored to have been instigated by Sun Fo), indicate the present tendencies and illustrate the technique now being used to embarrass and discredit the government. No. faction at this time dares to expose itself to the charge of making civil war.

While during the dispute between the two Chens in Canton the league was unable to accomplish much, being still in a nebulous stage, but with the present rapid development of public opinion the league may prove to be instrumental in diminishing the number of fratricidal wars of the future.

W. S. Drysdale

W. S. Drysdale,
Lieutenant-Colonel, Infantry,
Military Attache.

AG

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G-2 Report

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
NOV 21
2657-9-42
WAR DEPARTMENT

CHINA (Political).

Subject: A Manchoukuo Envoy in Europe.

RECEIVED G/2 W. D. NOV 18 1932

General W.S.Y. Tinge, whose card carries the notation on it - "Personal Representative of the Chief Executive of Manchoukuo - On Mission in Europe", arrived in Warsaw from Moscow yesterday. I had an appointment today with a member of the Polish Foreign Office who had just returned from a visit to Moscow. Upon my arrival at his hotel, I found him at luncheon with the above named personage and was invited to join the group. It consisted of the Polish official and wife, General Tinge, his woman secretary, the Japanese Chargé d'Affaires, a secretary of the Japanese Legation, the Japanese Military Attaché, and the local representatives of the Chicago Tribune and New York Times.

General Tinge handed me his card immediately and I probably looked somewhat curious or at least mystified. At any rate he at once explained that his mission was to visit the various European governments unofficially and answer any questions that might be asked of him by any one. I took this literally and when the opportunity offered itself I plied him with several questions. The gist of his replies are set forth below. He speaks English rather fluently.

He frankly is feeling out the ground looking toward recognition of his government. He is the personal adviser of the Chief Executive of Manchoukuo. (He carefully corrects one when one speaks of his Chief as the Emperor). He spent four days in Moscow and when asked if he considered the results he obtained in Moscow as satisfactory, he replied with a little hesitation that he might say so. Later he said that he might return to Moscow as everyone there had been busy with the preparation for the celebration of the anniversary of the Revolution and he had told them that he would not bother them more at present. He stressed that he had been shown every courtesy while there. He said that his state had to be friendly with the Soviets since they were neighbors. When asked if he thought they would recognize his 9 months old state, he took an optimistic viewpoint and maintained that the fact that his state had consular representatives in Siberia and that the S oviet consuls remained in Manchoukuo, amounted to recognition even after it was pointed out that most nations had left their consuls in Manchoukuo altho they were accredited to China.

He said that he believed that the number of Soviet troops concentrated along the frontier of his state had not been decreased and mentioned 9 divisions. He added, however,

that

FROM: MA WARSAW Report No. 1843 Date: Nov.3, 1932.

that their attitude was entirely defensive and since that of his state was the same, there was no danger of an armed clash. When asked if he thought that the Soviets were supporting and supplying some of the bandits which infested his country, he replied, "Not directly". He stated that he had not seen a smile on a face between the Eastern Siberian frontier and the Polish border.

He intends to leave Warsaw for Berlin Saturday, November 5th. From Berlin his itinerary is not fixed. He said he would visit Rome, Paris, Bern, London, Brussels, and The Hague also, but did not know in what order. When asked if he would go to Geneva, he replied that he might go there to visit friends but that at any rate he would be in Switzerland if needed. It was gathered that he intends to be readily available in case it becomes advisable for him to appear there. When asked if he intended visiting the United States he replied that he had no instructions on that subject.

When asked about the Lytton Report he replied that it was written in beautiful English but that its argument was not always logical and in places was contradictory. He said that being the work of a commission with a staff of experts it necessarily represented a compromise and probably did not express the real views of any one member of the commission on any point. He claimed to be an old friend or at least acquaintance of General McCoy saying that he had known him since General McCoy visited China as aide to Secretary of War Dickinson. He claimed to have had long conversations with General McCoy at Mukden. He said that he had offered to tell the commission the facts without prejudice but insisted that his name not be used. At first he intimated that the commission had not heard him, but later during the conversation he said that apparently they did not use what he had said because he had not permitted them to use his name. When asked if he found that General McCoy had appeared prejudiced in his views when he talked with him during the stay of the mission in Manchoukuo, he replied in the negative but said something to the effect that after having read so many conflicting reports it was only natural that he should be influenced by them. It was gathered that he wished to intimate that perhaps General McCoy had become unduly prejudiced. An attempt was made to secure an expression of opinion as to whether the Lytton Commission had made a thorough investigation in Manchuria and had seen the right people there, but he avoided a direct response. He emphasized that every facility had been placed at their disposal and that they had been entirely unhampered in their investigation. He said, however, that their information in Manchuria had been gathered largely by agents sent from China proper, whom he said were of course prejudiced against the Manchus and the Japanese.

When Mr. Stimson's name was mentioned he said that he believed Mr. Stimson had been misinformed of the real situation or was unduly influenced - perhaps by Dr. Willoughby. This line of conversation was not continued futher. However, he made some remarks à propos of the Japanese assistance to his State to the effect that the Manchu Emperors had always

depended

FROM: MA WARSAW Report No. 1843 Date: Nov.3, 1932.

depended upon foreign advice and assistance. He cited the fact that for many generations back the members of the Imperial Family had all been able to speak and read Latin. It appeared that in his mind this had something to do with the justification of the acceptance of the Japanese aide & guidance at present. He maintained that China had always had a large number of Japanese and other foreigners in her service. The New York Times correspondent tried to touch on the important role the Japanese were playing in the present Manchoukuo government, but he denied this. He said that of course Japan had been very sympathetic and had aided them greatly but he maintained strongly that it was a Manchu government altho the Japanese did have many advisers attached to the different ministries. He insisted, however, that this was not unusual in China, and indeed was the customary thing.

In discussing the economic features he said that the Lytton Report had criticized them for redeeming the various issues of money in circulation in Manchuria and had said that this showed the financial instability of the Manchoukuo government. He stated that their monetary system was now unified and that they had over a 50% reserve behind all the money in circulation. At this point he said that he had told the Lytton commission that they should be careful in their report for the situation was changing so rapidly, that the conditions they would describe would be entirely changed by the time the report was completed, and, he added, this was quite true. He said that the crop failure and destruction by floods reported in northern Manchuria was not as bad as generally believed, as the harvest was only 25% below normal, while in the south the harvest had been unusually abundant.

I asked him about the sentiment of the immigrants from Central and South China concerning the new state. He replied that they had come to Manchuria to escape poverty and starvation and that due to the low taxation in Manchoukuo and the fertility of the soil they were very content and only wanted to be left alone to work and live. Some he said had turned bandit, but they did not destroy the farms for if they did there would be nothing for them to rob. I asked if it were not true that the Soviets were in control of Inner and or Western Mongolia. He replied "Theoretically so". He said that the leaders and Madarins of Eastern Mongolia were sending emmissaries to Mukden and that they were very happy to come into the Manchoukuo state. In short he pictured everyone there as very happy and contented, even the bandits, and all they wanted was to be left alone.

He admitted that there was a great deal of banditism but maintained that they were rapidly suppressing it and that peace and tranquility were advancing at a rapid gait. He said that they had incorporated all the bandits and near bandits possible in their army and paid them so as to have some semblance of control over them but that their intentions were to disarm and disband them as rapidly as conditions permitted and to replace them with troops drawn from a better class of the population under trained officers. They had started a military academy and had started training officers

for this

FROM: MA WARSAW Report No. 1843 Date: Nov. 3, 1932.

for this new army to be. In the meantime they get along with what they have assisted by the Japanese troops for which they were very thankful. Asked about General Maa, he replied that he was only an unusually successful bandit, adding that he was best explained by the fact that he was so illiterate that he could not write his own name.

Since I am wholly unfamiliar with the situation in Manchuria and the whole question of Manchoukuo, I have merely tried to repeat faithfully what General Tinge said, which is hoped will be of interest. The Department without doubt has his biography and record and will be able to place the proper evaluation on his remarks. He impressed me as a very wily and crafty Chinaman, well educated, polished and well versed in the ways of the world. He claims to have been a member of the Chinese delegation to the Hague Convention in 1907 and in refering to the League of Nations said that he had visited one talk shop and had no desire to visit another. He spoke rather contemptuously of what the League could do about his state, which he said would go ahead developing and consolidating itself without fear of any action the League might take. He was in tow of the Japanese here some of whom were with him all the time and who listened carefully to everything he said. He also appeared to have one eye on them at all times. He was accompanied by a blond woman secretary who might have been of Russian, German or Scandinavian, American or English extraction. The few words of English I heard her speak were apparently without accent. I judged her German to be good also. Her name was not learned.

The erudition, charm and apparent frank and open sincerity of General Tinge has quite captivated the Poles whom he has met here. In fact he will make an excellent impression on anyone who does not know the Chinaman by experience. It is my opinion that he has been well chosen for his mission and is more than likely to return to Mukden with some recognitions in his pocket unless something goes wrong, for he undoubtedly knows his way about.

Emer Yeager,
Major G.S.,
Military Attache.

FROM: MA WARSAW Report No. 1843 Date: Nov. 3, 1932.

OFFICE CHIEF OF STAFF
MIL., INTEL. DIV.
MAY 1939
WAR DEPARTMENT

JAPAN

and the next

WORLD WAR

田中併吞滿蒙奏摺

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Published By

THE CHINA CRITIC

50 PEKING ROAD

SHANGHAI, CHINA

Secret
MEMORIAL

Concerning Manchuria, Mongolia, China. U. S. A. & the World

Submitted by
GENERAL TANAKA

(The then Premier of Japan)
to
The Japanese Emperor
in
1927

(8TH EDITION)

5,000 (23-11-31)

HIGH LIGHTS OF THE MEMORIAL

1. For settling difficulties in Eastern Asia, Japan must adopt a policy of "Blood and Iron."

2. In order to conquer the world, Japan must conquer Europe and Asia; in order to conquer Europe and Asia Japan must conquer China, and in order to conquer China, Japan must first Conquer Manchuria and Mongolia, Japan expects to fulfil the above programme in ten years.

3. Japan regrets that she has signed the Nine-Power Treaty which was intended by England and America to crush her interests in Manchuria, for thereby she agrees that Manchuria and Mongolia are Chinese territory. This has greatly hampered the freedom of Japanese policy in Manchuria.

4. Japan believes wars in near future with U.S.A. and with Russia are inevitable, so in order to get militarily prepared, Japan must build the Kirin-Hweining and Changchun-Talai railways in Manchuria.

5. The South Manchuria Railway Co., act in Manchuria as the Governor-General in Korea. In order to blind the eyes of the world and forestall the disclosure of secrets at present, the Colonial office nominaly conrols affairs of Formosa, Korea, and Saghalian islands, only, while really it manages affairs of Manchuria.

6. Japan must take strong steps, on basis of Twenty-one demonds, to secure priority for building railroads, right of timbering and exploiting 19 iron and coal mines in Fentien.

7. Japan should spend yen 1,000,000 from "Secret funds" of Army department in order to send 400 retired offices dis-

guised as teachers and traders, scientists, and Chinese citizens to Mongolia to influence the Mongolian princes to revolt against China.

8. Koreans should be utilized by Japan as vanguard for colonization of and as spearhead for penetration into, Manchuria and Mongolia.

9. Taking advantage of the local disorder in Fengtien, Japan should manipulate the situation so that the Fengtien Bank notes will depreciate to zero, and the Yen will take to its place.

10. Japan must enjoy monopoly of supplies of beans, bean cakes timber, coal, iron, fur, wool, and all other products of Manchuria and Mongolia and perfect control of transportation so that Chinese influence would be wiped out, and Europe and America, when in need of these supplies, would be at the mercy of Japan.

(From The China Critic)

TANAKA MEMORIAL

Memorial Presented to the Emperor of Japan on July 25, 1927, by Premier Tanaka, Outlining the positive policy in Manchuria.

(Reprinted from The China Critic Vol. IV No. 39, Sept. 24, 1931.)

Since the European War, Japan's political as well as economic interests have been in an unsettled condition. This is due to the fact that we have failed to take advantage of our special privileges in Manchuria and Mongolia and fully to realize our acquired rights. But upon my appointment as premier, I was instructed specially to guard our interests in this region and watch for opportunities for further expansion. Such injunctions one cannot take lightly. Ever since I advocated a positive policy towards Manchuria and Mongolia as a common citizen, I have longed for its realization. So in order that we may lay plans for the colonization of the Far East and the development of our new continental empire, a special conference was held from June 27th to July 7th lasting in all eleven days. It was attended by all the civil and military officers connected with Manchuria and Mongolia, whose discussions resulted in the following resolutions. These we respectfully submit to Your Majesty for consideration.

General Considerations

The term Manchuria and Mongolia includes the provinces of Fengtien, Kirin, Heilungkiang and Outer and Inner Mongolia. It extends an area of 74,000 square miles, having a population of 28,000,000 people. The territory is more than three times as large as our own empire not counting Korea and Formosa, but it is inhabited by only one-third as many people. The attractiveness of the land does not arise from the scarcity of population alone: its wealth of forestry, minerals and agricultural products is also unrivalled elsewhere in the world. In

order to exploit these resources for the perpetuation of our national glory, we created especially the South Manchuria Railway Company. The total investment involved in our undertakings in railway, shipping, mining, forestry, steel manufacture, agriculture, and cattle raising as schemes pretending to be mutually beneficial to China and Japan amounts to no less than Yen 440,000,000. It is veritably the largest single investment and the strongest organization of our country. Although nominally the enterprise is under the joint ownership of the government and the people, in reality the government has complete power and authority over it. In so far as the South Manchuria Railway Company is empowered to undertake diplomatic, police, and ordinary administrative functions so that it may carry out our imperialistic policies, the Company forms a peculiar organization which has exactly the same powers as the Governor-General of Korea. This fact alone is sufficient to indicate the immense interests we have in Manchuria and Mongolia. Consequently the policies of the successive administrations since Meiji towards this country are all based on his injunction, elaborating and continously completing the development of the new continental empire in order to further the advance of our national glory and prosperity for countless generations to come.

Unfortunately, since the European War there have been constant changes in diplomatic as well domestic affairs. The authorities of the Three Eastern Provinces are also awakened and gradually work toward reconstruction and industrial development following our example. Their progress is astonishing. It has affected the spread of our influence in a most serious way, and has put us to so many disadvantages that the dealings with Manchuria and Mongolia of successive governments have resulted in failure. Furthermore, the restriction of the Nine Power Treaty signed at the Washington Conference have reduced our special rights and privileges in Manchuria and Mongolia to such an extent that there is no freedom left for us. The very existence of our country is endangered. Unless these obstacles are removed, our national existence will be in

secure and our national strength will not increase. Moreover the resources of wealth are congregated in South Manchuria. If we do not have the right of way there, it is obvious that we shall not be able to tap the riches of this country. Even the resources of South Manchuria which we won by the Russo-Japanese War will also be greatly restricted by the Nine Power Treaty. The result is that while our people cannot migrate into Manchuria as they please, the Chinese are flowing in as a flood. Hordes of them move into the Three Eastern Provinces every year, numbering in the neighbourhood of several millions. They have jeopardized our acquired rights in Manchuria and Mongolia to such an extent that our annual surplus population of eight hundred thousand have no place to seek outlet. In view of this we have to admit our failure in trying to effect a balance between our population and food supply. If we do not devise plans to check the influx of Chinese immigrants immediately, in five years' time the number of Chinese will exceed 6,000,000. Then we shall be confronted with greater difficulties in Manchuria and Mongolia.

It will be recalled that when the Nine Power Treaty which restricted our movements in Manchuria and Mongolia was signed, public opinion was greatly aroused. The late Emperor Taisho called a conference of Yamagata and other high officers of the army and the navy to find a way to counteract this new engagement. I was sent to Europe and America to ascertain secretly the attitude of the important statesmen toward it. They were all agreed that the Nine Power Treaty was initiated by the United States. The other Powers which signed it were willing to see our influence increase in Manchuria and Mongolia in order that we may protect the interests of international trade and investment. This attitude I found out personally from the political leaders of England, France and Italy. The sincerity of these expressions could be depended upon. Unfortunately just as we were ready to carry out our policy and declare void the Nine Power Treaty with the approval of those whom I met on my trip, the Seiyukai cabinet suddenly fell and our policy failed of fruition. It was indeed

a great city. After I had secretly exchanged views with the Powers regarding the development of Manchuria and Mongolia, I returned by way of Shanghai. At the wharf there a Chinese attempted to take my life. An American woman was hurt, but I escaped by the divine protection of my emperors of the past. It seems that it was by divine will that I should assist Your Majesty to open a new era in the Far East and to develop the new continental empire.

The Three Eastern Provinces are politically the imperfect spot in the Far East. For the sake of self-protection, as well as the protection of others, Japan cannot remove the difficulties in Eastern Asia unless she adopts a policy of "Blood and Iron." But in carrying out this policy we have to face the United States which has been turned against us by China's policy of fighting poison with poison. In the future, if we want to control China, we must first crush the United States just as in the past we had to fight in the Russo-Japanese War. But in order to conquer China we must first conquer Manchuria and Mongolia. In order to conquer the world, we must first conquer China. If we succeed in conquering China, the rest of the Asiatic countries and the South Sea countries will fear us and surrender to us. Then the world will realize that Eastern Asia is ours and will not dare to violate our rights. This is the plan left to us by Emperor Meiji, the success of which is essential to our national existence.

The Nine Power Treaty is entirely an expression of the spirit of commercial rivalry. It was the intention of England and America to crush our influence in China with their power of wealth. The proposed reduction of armaments is nothing but a means to limit our military strength, making it impossible for us to conquer the vast territory of China. On the other hand, China's resources of wealth will be entirely at their disposal. It is merely a scheme by which England and America may defeat our plans. And yet the Minseito made the Nine Power Treaty the important thing and emphasized our treaty rather than our rights in China. This is a mistaken policy—a

policy of national suicide. England can afford to talk about free trade relations only because she has India and Australia to supply her with foodstuff and other materials. She can do so because South America and Canada are there to supply her daily needs. Their spare energy could be entirely devoted to developing trade in China to enrich themselves. But in Japan her food supply and raw materials increase in proportion to her population. If we merely hope to develop trade, we shall eventually be defeated by England and America, who possess unsurpassable capitalistic power. In the end, we shall get nothing. A more dangerous factor is the fact that the people of China might some day wake up. Even during these years of internal strife, they can still toil patiently, and try to imitate and displace our goods so as to impair the development of our trade. When we remember that the Chinese are our sole competers, we must beware, lest one day when China becomes unified and her industries become prosperous, Americans and Europeans will compete with us: our trade in China will be ruined. Minseito's proposal to uphold the Nine Power Treaty and to adopt the policy of trade towards Manchuria is nothing less than a suicidal policy.

After studying the present conditions and possibilities of our country, our best policy lies in the direction of taking positive steps to secure rights and privileges in Manchuria and Mongolia. These will enable us to develop our trade. This will not only forestall China's own industrial development, but also prevent the penetration of European Powers. This is the best policy possible!

The way to gain actual rights in Manchuria and Mongolia is to use this region as a base and under the pretence of trade and commerce penetrate the rest of China. Armed by the rights already secured we shall seize the resources all over the country. Having China's entire resources at our disposal we shall proceed to conquer India, the Archipelago Asia Minor, Central Asia, and even Europe. But to get control of Manchuria and Mongolia is the first step if the Yamato race wishes to distinguish themselves on Continental Asia. Final success

[illegible] to the country having food-supply; industrial prosperity belongs to the country having raw materials; the full growth of national strength belongs to the country having extensive territory. If we pursue a positive policy to enlarge our rights in Manchuria and China, all these prerequisites of a powerful nation will constitute no problem. Furthermore, our surplus population of 700,000 each year will also be taken care of. If we want to inaugurate a new policy and secure the permanent prosperity of our empire, a positive policy towards Manchuria and Mongolia is the only way.

MANCHURIA AND MONGOLIA—NOT CHINESE TERRITORY

Historically considered, Manchuria and Mongolia are neither China's territory nor her special possessions. Dr. Yano has made an extensive study of Chinese history and has come to the positive conclusion that Manchuria and Mongolia never were Chinese territory. This fact was announced to the world on the authority of the Imperial University. The accuracy of Dr. Yano's investigations is such that no scholars in China have contested his statement. However, the most unfortunate thing is that in our declaration of war with Russia, our government openly recognized China's sovereignty over these regions and later again at the Washington conference when we signed the Nine Power Treaty. Because of these two miscalculations (on our part) China's sovereignty in Manchuria and Mongolia is established in diplomatic relations, but our interests are seriously injured. In the past, although China speaks of the Republic of five races, yet Tibet, Sinkiang, Mongolia and Manchuria have always remained special areas and the princes are permitted to discharge their customary functions. Therefore in reality the sovereign power over these regions resides with the princes. When any opportunity presents itself, we should make known to the world the actual situation there. We should also wedge our way into Outer and Inner Mongolia in order that we may reform the mainland. So long as the princes there maintain their former administrations, the sover-

eign rights are chiefly in their hands. If we want to enter these territories, we may regard them as the ruling power and negotiate with them for rights and privileges. We shall be afforded excellent opportunities and our national influence will increase rapidly.

Positive Policy in Manchuria

As to the rights in Manchuria, we should take forceful steps on the basis of the Twenty-One Demands and secure the following in order to safe-guard the enjoyment of the rights which we have acquired so far:-

1. After the thirty-year commercial lease terminates, we should be able to extend the term at our wish. Also the right of leasing land for commercial, industrial and agricultural purpose should be recognized.

2. Japanese subjects shall have the right to travel and reside in the eastern part of Mongolia, and engage in commercial and industrial activities. As to their movements, China shall allow them freedom from Chinese law. Furthermore, they must not be subject to illegal taxation and unlawful examination.

3. We must have the right of exploiting the nineteen iron and coal mines in Rengtien and Kirin, as well as the right of timbering.

4. We should have priority for building railroads and option for loans for such purposes in South Manchuria and Eastern Mongolia.

5. The number of Japanese political, financial and military advisers should be increased. Furthermore, we must have priority in furnishing new advisers.

6. The right of stationing our Police over the Koreans (in China).

7. The administration and development of the Kirin-Changchun Railway must be extended to 30 years.

8. Exclusive rights of sale of special products - priority of shipping business to Europe and America.

9. Exclusive rights of mining in Heilungkiang.

10. Right to construct Kirin-Hueining and Changchun-Taonan Railways.

11. In case money is needed for the redemption of the Chinese Eastern Railway, the Japanese Government must have the first option for making loans to China.

12. Harbour rights at Antung and Yingkow and the right of through transportation.

13. The right of partnership in establishing a Central Bank of the Three Eastern Provinces.

14. Right of Pasturage.

POLITICAL POLICY TOWARDS INNER AND OUTER MONGOLIA

Since Manchuria and Mongolia are still in the hands of the former princes, in the future we must recognize them as the ruling power and give them support. For this reason, the daughter of General Fukushima, Governor of Kwantung, risked her life among the barbarous Mongolian people of Tushiyeh to become adviser to their Prince in order that she might serve the Imperial Government. As the wife of the Prince Ruler is the niece of Manchu Prince Su, the relationship between our Government and the Mongolian Prince became very intimate. The princes of Outer and Inner Mongolia have all shown sincere respect for us, especially after we allured them with special benefits and protection. Now there are 19 Japanese retired military officers in the house of the Tushiyeh. We have acquired already monopoly rights for the purchase of wool, for real estate and for mines. Hereafter we shall send secretly more retired officers to live among them. They should wear

Chinese clothes in order to escape the attention of the Mukden Government. Scattered in the territory of the Prince, they may engage themselves in farming, herding or dealing in wool. As to the other principalities, we can employ the same method as in Tushiyeh. Everywhere we should station our retired military officers to dominate in the Princes' affairs. After a large number of our people have moved into Outer and Inner Mongolia, we shall then buy lands at one-tenth of their worth and begin to cultivate rice where feasible in order to relieve our shortage of food-supply. Where the land is not suitable for rice cultivation, we should develop it for cattle raising and horse breeding in order to replenish our military needs. The rest of the land could be devoted to the manufacture of canned goods which we may export to Europe and America. The fur and leather will also meet our needs. Once the opportunity comes, Outer and Inner Mongolia will be ours outright. While the sovereign rights are not clearly defined and while the Chinese and the Soviet Governments are engaging their attention elsewhere, it is our opportunity quietly to build our influence. Once we have purchased most of the land there, there will be no room for dispute as to whether Mongolia belongs to the Japanese or the Mongolians. Aided by our military prowess, we shall realize our positive policy. In order to carry out this plan, we should appropriate Yen 1,000,000 from the "secret funds" of the Army Department's budget so that four hundred retired officers disguised as teacher and Chinese citizens may be sent into Outer and Inner Mongolia to mix with the people, to gain the confidence of the Mongolian princes, to acquire from them rights for pasturage and mining and to lay the foundation of our national interests for the next hundred years.

ENCOURAGEMENT AND PROTECTION OF KOREAN IMMIGRATION

Since the annexation of Korea, we have had very little trouble. But President Wilson's declaration of the self-determination of races after the European War has been like a divine revelation to the suppressed peoples. The Koreans are no exception. The spirit of unrest has permeated the whole

country. Both because of the freedom they enjoy in Manchuria due to incompetent police system and because of the richness of the country, there are now in the Three Eastern Provinces no less than 1,000,000 Koreans. The unlooked for development is fortunate for our country indeed. From a military and economic standpoint, it has greatly strengthened our influence. From another standpoint, it gives new hope for the administration of Koreans. They will both be the vanguard for the colonization of virgin fields and furnish a link of contact with the Chinese people. On the one hand, we could utilize the naturalized Koreans to purchase land for rice cultivation, on the other, we could extend to them financial aid through the Co-operative Society, the South Manchuria Railway, etc., so that they may serve as the spear-head of our economic penetration. This will give relief to our problem of food supply, as well as open a new field of opportunity for colonization. The Koreans who have become naturalized Chinese are Chinese only in name; they will return to our fold eventually. They are different from those naturalized Japanese in California and South America. They are naturalized as Chinese only for temporary convenience. When their numbers reach two million and a half or more, they can be instigated to military activities whenever there is the necessity, and under the pretence of suppressing the Koreans we could bear them aid. As not all the Koreans are naturalized Chinese, the world will not be able to tell whether it is the Chinese Koreans or the Japanese Koreans who create the trouble. We can always sell dog's meat with a sheep's head as sign-board.

Of course while we could use the Koreans for such purposes, we must beware of the fact that the Chinese could also use them against us. But Manchuria is as much under our jurisdiction as under Chinese jurisdiction. If the Chinese should use Koreans to hamper us, then our opportunity of war against China is at hand. In that event, the most formidable factor is Soviet Russia. If the Chinese should use the "Reds" to influence the Koreans, the thought of our people will change and great peril will befall us. Therefore, the present Cabinet

is taking every precaution against this eventuality. If we want to make use of the Koreans to develop our new continental empire, our protection and regulations for them must be more carefully worked out. We should increase our police force in North Manchuria under the terms of the Mitsuya Treaty so that we may protect the Koreans and give them help in their rapid advance. Furthermore, the Eastern Development Company (Totuku Kaisha) and the South Manchuria Railway Company should follow them to give them financial aid. They should be given especially favourable terms so that through them we may develop Manchuria and Mongolia and monopolize the commercial rights. The influx of Koreans into these territories is of such obvious importance both for economic and military considerations that the Imperial Government cannot afford not to give it encouragement. It will mean new opportunities for our empire. Since the effect of the Lansing-Ishii Agreement is lost after the Washington Conference, we can only recover our interests through the favourable development arising out of the presence of several millions of Koreans in Manchuria. There is no ground in international relations for raising any objection to this procedure.

Railroads and Development of our New Continent

Transportation is the mother of national defence, the assurance of victory and the citadel of economic development. China has only 7,200 to 7,300 miles of railroads, of which three thousand miles are in Manchuria and Mongolia constituting two-fifths of the whole. Considering the size of Manchuria and Mongolia and the abundance of natural products, there should be at least five or six thousand miles more. It is a pity that our railroads are mostly in south Manchuria, which cannot reach the sources of wealth in the northern parts. Moreover, there are too many Chinese inhabitants in South Manchuria to be wholesome for our military and economic plans. If we wish to develop the natural resources and strengthen our national defence, we must build railroads in Northern Manchuria. With the opening of these railroads, we shall be able

people (Japanese) into Northern Manchuria. From the military ground we can manipulate political and economic developments in South Manchuria, as well as strengthen our national defence in the interest of peace and order of the Far East. Furthermore, the South Manchuria Railway was built mainly for economic purposes. It lacks encircling lines necessary for military mobilization and transportation. From now on we must take military purposes as our object and build strategic lines in circle the heart of Manchuria and Mongolia in order that we may hamper China's military, political and economic developments there on the one hand, and prevent the penetration of Russian influence on the other. This is the key to our continental policy.

There are two trunk lines in Manchuria and Mongolia. These are the Chinese Eastern Railway and the South Manchuria Railway. As regards the railroad built by Chinese, it will doubtless become very powerful in time, backed by the financial resources of the Kirin Provincial Government. With the combined resources of Fengtien and Heilungkiang Provinces, the Chinese railroads will develop to an extent far superior to our South Manchuria Railway. Strong competition will inevitably result. Fortunately for us, the financial conditions in Fengtien Province are in great disorder, which the authorities cannot improve unless we come to their succor. This is our chance. We should take positive steps until we have reached our goal in railroad development. Moreover, if we manipulate the situation, the Fengtien bank-notes will depreciate to an inconceivable degree. In that event, the bankruptcy of Fengtien will be a matter of time. The development of Manchuria and Mongolia will be out of the question for them. But we still have to reckon with the Chinese Eastern Railway. It forms a T with the South Manchuria Railway. Although this system is in a convenient shape, it is by no means suitable for military purposes. When the Chinese build railroads as feeders of the Chinese Eastern Railway, it is best that they run parallel to it, west and east. But with the South Manchuria Railway as main line, we must have these lines run north and

power. For the benefit of the Chinese themselves, there are also advantages for these lines to run in this direction. Consequently our interest does not necessarily conflict with the Chinese. Now that Russia is losing influence and is powerless to advance in Manchuria and Mongolia, it is certain that the Chinese must act according to our beckoning in the development of railways in the future. Much to our surprise the Fengtien Government recently built two railroads, one from Tahushan to Tungliao and the other from Kirin to Hueining both for military purposes. These two railroads affect most seriously our military plans in Manchuria and Mongolia as well as the interest of the South Manchuria Railway. We therefore protested strongly against it.

That these railways were built was due to the fact that our official on the spot as well as the South Manchuria Railway authorities miscalculated the ability of the Fengtien Government and paid no attention to it. Later when we did intervene the railways were already completed. Besides, the Americans have been anxious to make an investment in developing the port of Hulutao through British capitalists. Taking advantage of this situation, the Fengtien Government introduced American and British capital in these railways in order to hold our interest at bay. For the time being we have to wink at it and wait for the opportune moment to deal with China about these two railroads.

Recently, it is rumoured that the Fengtien Government is planning to build a railroad from Tahushan to Harbin via Tung Liao and Fu Yu, so that there may be a direct line between Peking and Harbin without touching either the South Manchuria Railway or the Chinese Eastern Railway. What is more astonishing is that another railway beginning at Mukden passing through Hailung, Kirin, Wuchang terminating at Harbin is also under way. If this plan be realized, then these two lines would encircles the South Manchuria Railway and limit its sphere of activity to a small area. The result is that our economic and political development of Manchuria and

Mongolia will be checked and the plan for curtailing our power provided by the Sino-Soviet Treaty will be carried out. Moreover, the completion of these two railroads will render the South Manchurian Railway completely useless. The latter Company will be confronted with a most crisis. But in view of China's financial conditions today, she cannot undertake these two railroads unless she resorts to foreign loans. And on these two railways the transportation charges will have to be higher than on the South Manchuria Railway. These considerations give us some comfort. But in the event of these two railroads becoming an accomplished fact and the Chinese Government making especially low freight charges in order to compete with the South Manchuria Railway, not only we but the Chinese Eastern Railway will also sustain great losses. Japan and Russia certainly would not allow China to carry out such destructive measures, especially as the Chinese Eastern Railway depends upon Tsitsihar and Harbin for the bulk for its business. The consequence would be even more serious to both Japanese and Russian interests when the new railways are completed.

Let us now consider more in detail the competitive railways projected in Manchuria and Mongolia.

China contemplates:

1. Taolun-Taonan Railway.
2. Kirin-Harbin Railway.

Soviet Russia proposes:

1. Arsa-Potung Railway.
2. Mienpo-Wuchang-Potung Railway.
3. Kirin-Hailin Railway.
4. Mishan-Muling Railway.

The Russian plans are designed to strengthen the Chinese Eastern Railway and thereby to extend its imperialistic schemes. For this reason the railways projected mostly run east and

For although the power of Soviet Russia is crippled, her ambition in Manchuria and Mongolia has not diminished for a minute. Every step she takes is intended to obstruct our progress and to injure the South Manchuria Railway. We must do our utmost to guard against her influence. We should use the Fengtien Government as a wedge to check her southern advance. By pretending to check the southward advance of Soviet Russia as a first step, we could gradually force our way into North Manchuria and exploit the natural resources there. We shall then be able to prevent the spread of Chinese influence on the south and arrest the advance of Soviet Russia on the north. In our struggle against the political and economic influence of Soviet Russia, we should drive China before us and direct the events from behind. Meanwhile, we should still secretly befriend Russia in order to hamper the growth of Chinese influence. It was largely with this purpose in view, that Baron Goto of Kato's cabinet invited Joffe to our country and advocated the resumption of diplomatic relations with Russia.

Although we have an agreement with the Chinese Eastern Railway concerning transportation rates, according to which 45% go to the Chinese Eastern Railway and 55% to us, yet the Chinese Eastern Railway still grants preferential rates detrimental to the interest of the South Manchuria Railway. Moreover, according to a secret declaration of Soviet Russia, although they have no territorial ambition they cannot help keeping a hand in the Chinese Eastern Railway on account of the fact that north of the Chinese and Russian boundary the severe cold makes a railway useless. Furthermore, as Vladivostok is theironly sea-port in the Far East, they cannot give up the Chinese Eastern Railway without losing also their foothold on the Pacific. This makes us feel the more uneasy.

On the other hand, the South Manchuria Railway is not adequate for our purpose. Considering our present needs and future activities, we must control railways in both North and South Manchuria, especially in view of the fact that the Fe-

provinces of North Manchuria and Eastern Mongolia will furnish [illegible] and material gains. In South Manchuria the Chinese is increasing at such a rate that it will surely [illegible] Japan politically and commercially. Under such circumstances we are compelled to take aggressive steps in Manchuria-Mongolia in order to assure our future prosperity. But if Soviet Russia's Chinese Eastern Railway should extend across this field our new continental policy is bound to encounter a setback which will result in an inevitable conflict with Soviet Russia in the near future. In that event we shall exert every effort as in the Russo-Japanese War. The Chinese Eastern Railway will become ours as the South Manchuria Railway did last time, and we shall seize Kirin as we seize Mukden. Then we should draw swords with Russia again in the fields of Mongolia in order to gain the wealth of North Manchuria which is necessary step in our progress of national [illegible]. Until this hidden rock is blown up our ship can have no smooth sailing. We should now demand from China the right of building all the important military railroads. When these railroads are completed, we shall pour our forces into North Manchuria as far as we can. When Soviet Russia intervenes, as they must, that is our opportunity for open conflict.

WE SHOULD BUILD THE FOLLOWING RAILWAYS

1. Tsaghan-Jehol Railway. This line is 447 miles long and will cost Yen 40,000,000. When it is completed it will be of great value to our development of Inner Mongolia. As a matter of fact, this is the most important of all the railways in the whole undertaking. According to the careful surveys of the War Department, there are in Inner Mongolia large tracts of land suitable for rice cultivation. After proper development there will be room for at least 20 millions of our people. Besides these, is the possibility of turning out 2,000,000 head of cattle which may be transported by railways for food supply and for purposes of exporting to Europe and America. Wool also is a special product. While the sheep in Japan yield only

[illegible] of wool per head per year. Its sheep in Mongolia can yield six catties. The South Manchuria Railway has made many experiments, all of which confirm this fact. Mongolian wool is many times better than that of Australia. Its low cost and high quality combined with its abundance in quantity make Mongolia a potential source of great wealth. When this industry is enhanced by the facilities of railway development, the total production will increase at least ten-fold. We must withhold this knowledge from the rest of the world, lest England and America compete with us for it. Therefore, we must first of all control the transportation and then develop the wool industry. By the time the other countries know about it, it would be already too late to do anything. With this railroad in our hands, we can develop the wool industry not only for our own use, but also for exporting to Europe and America. Furthermore, we can realize our desire of joining hands with Mongolia. This railway is a matter of life and death to our [illegible] in Mongolia. Without it, Japan can have no part in Mongolia's development.

2. Suolun-Taonan Railway. This line is 136 miles long and will cost Yen 10,000,000. Looking into the future of Japan, a war with Russia over the plains of North Manchuria is inevitable. From a military standpoint, this line will not only enable us to threaten Russia's rear but also to curtail the re-inforcements for North Manchuria. From an economic standpoint, this road will place the wealth of the Tao Er [illegible] Valley within our reach, thereby strengthening the South Manchuria Railway. The princes nearby who are friendly to us can also use this road to extend our influence in order to open up their respective territories. Our hope of working hand in hand with the Mongolian princes, of acquiring land, mines and pasturage, and of developing trade with the natives as preliminary steps for later penetration, all depends upon this railway. Together with Tungliao-Jehol Railway, they will form two supplementary routes into Mongolia. When the industries are fully developed, we shall extend our interests into Outer Mongolia. But the danger of this line is that it might provide facili-

[illegible] for Chinese migration into a new region and spoil our own policy. Look at our experience with the South Manchuria Railway. Hasn't that served the interest of China? The redeeming feature, however, is the fact that the land and mines along this railway are in the possession of Mongolian princes. If we can gain possession of them first, we need have no worries about Chinese migration. Moreover, we can make the princes pass laws discriminating against Chinese immigrants. When life there is made miserable for the Chinese, they naturally will leave for places afar. There are other methods to bar the Chinese. Only if we try hard enough, no Chinese foot-prints will be found on Mongolian territory.

5. A Section of Changchun-Taonan Railway. As this line runs from Changchun to Fuyu and Talai, the section between Changchun and Taonan is about 131 miles and costs approximately Yen 11,000,000. This line is immensely important from an economic standpoint, for the wealth of Manchuria and an easy access to North Manchuria on the one hand, and prejudice the Chinese Eastern Railway to the benefit of the South Manchuria Railway on the other. It runs through the upper valley of the Sungari River where the soil is fertile and agricultural products abound. Further, in the vicinity of Talai there is the Yuehliang Falls which could be harnessed for electric power. That this section of the railway will be a prosperous center for industry and agriculture, is beyond doubt. After the completion of this line, we shall be able to make Talai a base and advance on Siberia through three directions; namely, by ways of Taonan, Anshan and Tsitsihar. The wealth of North Manchuria will then come to our hands. This will also be the first line of advance to Heilungkiang. It will further form a circuit with the railway between Changchun and Taonan, which will serve well for military purposes when we penetrate into Mongolia. Along this whole line the population is sparse and the land is rich and extensive. No fertiliser will be required on the farms for fifty years. A possession of this railway will ensure the possession of all the wealth of North

Manchuria and Mongolia. In this region there is room for at least 80 million people more. When the Tunhua Railway is completed and joins up with the line running to Hueining in Korea, the products will be brought to the door of Osaka and Tokyo by a direct route. In time of war our troops could be despatched to North Manchuria and Mongolia via the Japan Sea without a stop, forestalling all possibilities of Chinese forces entering North Manchuria. Nor could American or Russian submarines enter the Korean Strait. The moment the railways between Kirin and Hueining and between Changchun and Talai are completed, we shall become self-sufficient in food-stuff and raw materials. We shall have no worries in the event of war with any country. Then, in our negotiations about Manchuria and Mongolia, China will be cowed to submission and yield to our wishes. If we want to end the political existence of Manchuria and Mongolia according to the third step of Meiji's plan, the completion of these two railways is the only way. The Changchun-Talai Railway will greatly enhance the value of the South Manchuria Railway, besides developing into a profitable line itself. It is an undertaking of supreme importance in our penetration into this territory.

4. Kirin-Hueining Line. While the Kirin-Tunhua Line is already completed, the Tunhua-Hueining Line is yet to be built. The narrow gauge of 2 ft. 6 inches of the tracks from Hueining to Laotoukow is inadequate for the economic development of the New Continent. Allowing Yen 8,000,000 for widening the tracks in this section and Yen 10,000,000 for completing the section between Laotoukow and Tunhua, the whole undertaking will cost approximately Yen 20,000,000. When this is done, our continental policy will have succeeded. Hitherto, people going to Europe have to pass through either Dairen or Vladivostok. Now they can go on the trunk line directly from Chingchinkang via the Siberian Railway. When we are in control of this great system of transportation, we need make no secret of our designs on Manchuria and Mongolia according to the third step of Meiji's plans. The Yamato Race is then embarked on the journey of world

conquest! According to the last will of Meiji, our first step was to conquer Formosa and the second step to annex Korea. Having completed both of these, the third step is yet to be taken and that is the conquest of Manchuria, Mongolia and China. When this is done, the rest of Asia including the South Sea Islands will be at our feet. That these injunctions have not been carried out even now, is a crime of your humble servants.

In history the people living in Kirin, Fengtien and part of Heilungkiang, are called Sushan. They are now scattered along the sea coast and in the basins of the Amur and Tumen Rivers. They were known as Kulai, Sushan, Hueibei, Palou, Wotsu, Fuyu, Kitan Pohai and Nuchên at different stages of history. They were of a mixed race. The forefathers of the Manchurian dynasty also began in this vicinity. They gained control of Kirin, first, and then firmly established themselves in China for 300 years. If we want to put into effect our Continental Policy, we have to note this historical fact and proceed to establish ourselves in this region first also. Hence the necessity of the Kirin-Hueining Railway.

Whether the terminus of Kirin-Hueining Line be at Chingchin or Lochin or even Hsiungchi, we are free to decide according to circumstances. From the standpoint of national defence at present, Lochin seems the ideal harbour and terminus. Eventually it will be the best harbour in the world. On the one hand it will ruin Vladivostok, and on the other it will be the center of the wealth of Manchuria and Mongolia. Moreover, Dairen is as yet not our own territory while Manchuria is yet not a part of our empire, it is difficult to develop Dairen. That being the case, we shall be in a precarious situation in time of war. The enemy could blockade the Tsushima and Senchima Straits, and we shall be cut off from the supplies of Manchuria and Mongolia. Not having the resources there at our command we shall be vanquished, especially as England and the United States have worked hand in hand to limit our action in every possible direction. For the sake of self-preservation and of

giving warning to China and the rest of the world, we must fight America some time. The American Asiatic Squadron stationed in the Philippines is but within a stone's throw from Tsushima and Senchima. If they send submarines to these quarters, our supply of food-stuff and raw materials from Manchuria and Mongolia will be cut off entirely. But if the Kirin-Hueining Railway is completed, we shall have a large circuit line through all Manchuria and Korea, and a small circuit line through North Manchuria. We shall have access in all direction gaining freedom for the transportation of soldiers and supplies alike. When our supplies are transported through this line to our ports at Tsuruga and Niigata, enemy submarines will have no way of getting into the Japanese and Korean straits. We are then entirely free from interference. This is what is meant by making the Japanese Sea the center of our national defence. Having secured the free transportation of food and raw materials, we shall have nothing to fear either from the American navy because of its size, or the Chinese or Russian army because of their number. Incidentally, we shall be in a position to suppress the Koreans. Let me reiterate the fact that if we want to carry out the New Continental Policy, we must build this line. Manchuria and Mongolia are the undeveloped countries in the East. Over this territory we shall have to go war with Soviet Russia sooner or later. The battle ground will be Kirin.

When we carry out the third step of Meiji's plans with regard to China, we shall have to do the following things:—

1. Mobilise the army divisions in Fukuoka and Hiroshima, and send them to South Manchuria via Korea. This will prevent the northern advance of Chinese soldiers.
2. Send the army divisions in Nagoya and Kwansei by sea to Chingchin, and thence to North Manchuria via the Kirin Hueining Line.
3. Send the army in Kwantung through Niigata to Chingchin or Lochin, and thence by Kirin-Hueining Line to North Manchuria.

4. Send the army divisions in Hokkaido and Sendai to embark the ship at Aomori and Hakodate, and sail for Vladivostok and thence, via the Siberian Railway, to Harbin. Then they can descend on Fengtien, seize Mongolia and prevent Russian forces from coming south.

5. Finally these divisions in all directions will meet and form themselves in two large armies. On the south, they will keep Shanhaikuan and close it against the northern advance of Chinese forces: on the north, they will defend Tsitsihar against the southern advance of the Russians. In this way we shall have all the resources of Manchuria and Mongolia at our command. Even if the war should be prolonged for ten years, we need have no fear for the lack of supplies.

Let us now analyze once more the Kirin-Hueining Railway from the standpoint of its access from our ports.

First, with Chingchin as starting point:

1. To Vladivostok .....130 miles
2. To Tsuruga .....475 miles
3. To Moji .....500 miles
4. To Nagasaki .....650 miles
5. To Fusan .....500 miles

Second, take Tsuruga as the port of entry and compare it with Dairen. In this case we should consider it from the point of view of Osaka an industrial center.

1. From Changchun to Osaka via Lochin, the distrance is 406 miles by land and 475 miles by sea. In point of time the route will take 51 hours.

2. From Changchun to Osaka via Dairen and Kobe, the distance is 535 miles by land and 870 miles by sea. In point of time it takes 92 hours.

If Tsurugs instead of Dairen is made the connecting link, there is a saving of 41 hours. Calculated at the rate of 30 miles an hour on land and 12 miles an hour by sea, we can use fast boats and trains and cut the time in half.

Manchuria and Mongolia are the Belgium of the Far East. In the Great War, Belgium was the battlefield. In our wars with Russia and the United States, we must also make Manchuria and Mongolia suffer the ravages. As it is evident that we have to violate the neutrality of these territories, we cannot help building the Kirin-Hueining and Changchun-Taisi Railways in order that we may be militarily prepared. In time of war we can easily increase our forces and in time of peace we can migrate thousands upon thousands of people into this region and work on the rice fields. This line offers the key to economic development as well as to military conquests.

In undertaking the Kirin-Hueining Railway, it is necessary to take advantage of the dry season and finish it at one stretch. The mountains it must go through are all granite. The tunneling would need modern and up-to-date machines. As to the sleepers and ballast required, there is an abundance all along the line. Limestone and clay for making tiles and brick are also to be had for the taking . Only rails, cars and locomotives have to be brought in. The cost of construction could therefore be reduced at least thirty per cent and the time required forty per cent.

Now, let us look into the economic interests along this line. According to the careful investigations of our General Staff and the South Manchuria Railway, the total reserve of timber is 200,000,000 tons. If one million ton is fallen and imported to our country each year, it will last two hundred years. This will stop the import of American timber which has been costing us Yen 80,000,000 to Yen 100,000,000 a year. Although our information is reliable we cannot make it known to the world; for if China or Russia learns that we get so much timber from America, they would try to interfere with the construction of

this line. Or else, the United States may buy from the Feng tien Government all the timber rights on the one hand to protect their own trade with us; on the other, to control the monopoly and incidentally kill our paper industry.

Kirin was known as the "ocean of trees" even in the days of Emperor Chien-Lung. Added to the original forests are the growths in the intervening years since that time. Imagine the vastness of the resources! To transport this timber from Kirin to Osaka via Changchun and Dairen, there is a distance of 1,285 miles. For every cubic foot, we have to spend 34 cents. Because of this high cost of transportation, we cannot compete with the United States. If the Kirin-Hueining Line is completed, the distance is reduced to about 700 miles. We can then ship timber to Osaka at the low rate of 18 cents per cubic foot. We can certainly defeat the timber importation from the United States then. Supposing we calculate the profit at Yen 5.00 per ton timber and supposing there are two billion tons of timber, the construction of the railway will bring to us the easy profit of 10 billion yen. we will bar the import of American timber into our country. Furthermore, the industry of paper manufacture furiture making, and wooden wares which the cheap timber makes possible will add 20 milion yen more to our country's annual income.

There is also the Hsinchin coal mine, which has a reserve of 300,000,000 tons of coal. The quality of this coal is superior to that of Fushun coal, easy to excavate and suitable for the extraction of petroleum, agricultural fertilizers and other chemical by-products which we may both use at home and sell in China. There are numerous other advantages which will come to us from the building of the Kirin-Hueining Railway. It is all gain without labour. The coal will supplement the Fushun collieries. With both coal mines in our control, we hold the key to the industries of all China. Speaking of the Hsinchin coal, we shall reap a profit of Yen 5.00 on each ton when it is shipped to Japan. With additional chemical by-products, we shall reap a profit of Yen 16.00 from each ton of

coal. Taking an average profit of Yen 15.00 a ton, the coal profit will amount to 300 million yen. [illegible] by-product from the operation of the Kirin-Hueining [illegible]. There are, besides, the gold mines along the Mutan River. acquired rights of the South Manchuria Railway in the mines of Chingchen in the province of Kirin and the [illegible] in its neighborhood will all be within reach of exploitation after the Kirin-Hueining line is in operation.

In the vicinity of Tunhua the agricultural products, such as oats, wheat, millet and kaoliang, yield an annual output of over a million catties. There are twenty distilleries of wine, thirty oil mills yielding an annual output of about 600,000 catties of oil and 600,000 of bean cakes, besides many places for making vermicelli. All these will depend upon the new railway. The trade along this road may be estimated at 4 million yen a year. The transportation charges of farm products alone will not only defray the running expenses, but also yield a net profit of Yen 200,000 a year. Including the profit from timber, coal and its by-products transported by the railway, we can safely count on a profit of Yen 8,000,000 a year. Besides, there are indirect benefits such as the strengthening of the South Manchuria Railway, the acquisition of rights over forests, mines and lands as well as the migration of large numbers of our people into North Manchuria. Above all, is the shortening of distance between Japan and the resources of wealth in North Manchuria. It only takes three hours from Chingchia to Hueining, three hours from Hueining to Saufeng and three hours more from Tumen river to Lungchingtsun. In 30 hours we can reach the wealth of North Manchuria. Hence the Kirin-Hueining Railroad alone can enable us to tap the immense wealth of North Manchuria.

4. *Hunchun-Hailin Railway.* This is 172 miles long and costs Yen. 24,000,000. All along this line are thick forests. In order to strengthen the Kirin-Hueining Railway and to exploit the forests and mines in North Manchuria, this line is needed. In order to transfer the prosperity of Vladivostok to Hueining, this line is also urgently needed. The greatest hope for

prosperity, however, is the fact that south of Najning and north of Tunhua there is Lake Chungpo which can be used to generate electric power. With this electric power, we shall have control over the agricultural and industrial undertakings of the whole of Manchuria and Mongolia. No amount of China's agitation can matter in the least to our industrial developments. According to the investigations of the South Manchuria Railway, the water power in the lake can generate at least 800,000 horse-power. With such an enormous quantity of electric power, the industrial conquest of Manchuria and Mongolia can be easily accomplished. In the neighbourhood of this immense power plant, there will be phenomenal growth of wealth. We must build this railway quickly, in order to provide facilities for transportation. Lake Hsingkai, which is owned jointly by China and Russia, can also be developed for the generation of electricity. In order that these two countries may not combine to frustrate our plans, we should introduce a resolution in the International Conference of Electrical Engineering to be held in Tokyo this year, to the effect that in the same area of electricity supply there should not be two power plants. Besides, in the vicinity of Niigata and Hailin, the Oju Paper Mill has acquired extensive rights of lumbering. They need the immediate establishment of the power plant at Lake Chingpo and the early completion of the Hunchun-Hailin Railway in order to bring to the factory at home the raw materials growing wild in Mongolia.

Moreover, the reason that the Fengtien-Kirin-Wuchang Railway and the Kirin and Fengtien authorities intend to build the Wuchang Railway and the Kirin-Mukden Railway, with Hulutao or Tientsin as sea-port, is that they want to recover to themselves the wealth of North Manchuria. By building the Hunchun-Hailin Railway we shall not only strengthen the Kirin-Huening Railway, but also defeat the Chinese scheme and draw the wealth of Manchuria to Chingchin harbour. The transportation charges will be two-thirds less compared with the Chinese line and one-third less compared with the Siberian line. They cannot compete with us. Our victory is a foregone conclusion.

The total trade in Manchuria is worth [illegible] a year, all of which is in our hands. The [illegible] wool, cotton, soybeans, bean cakes, and iron [illegible] of the total volume of world trade. And it is steadily increasing. But the Nanshaya Market at Dairen (the wholesale district in the city) is still in Chinese possession. The mill stock [illegible] Oil is a basic industry in Manchuria. We control only 6 percent of it. Of the 38 oil mills in Yingkow, there is not even [illegible] of the 20 oil mills in Antung there is only one Japanese [illegible] the 82 or 83 oil mills in Dairen there are only seven owned by Japanese. This is by no means an optimistic outlook for us. In order to recover the lost ground, we must first of all develop transportation. Then, by securing a monopoly on [illegible] products and raw materials, we shall be able to gain the upper hand eventually. Furthermore, we ought to assist our people in oil business by extending to them financial credit, so that the oil industry of the Chinese will be forced out of the market. There are many Chinese on Kwangyuchi Market in Dairen who are dealers of our manufactured goods in Mongolia and Manchuria. They are strong competitors of our own business men in China. Our people are greatly handicapped because of their high standard of living which compels them to figure at a higher percentage of profit. On the other hand, the Chinese also have their disadvantages. The goods that they get are of an inferior quality, but the price that they pay is at least 10 percent lower than what our own people pay. Besides, they are also required to pay Yen 2.70 more than our people for every ton of goods transported, and yet they can undersell our merchants in Manchuria. It clearly shows the inability of our own people. When one thinks of it, it is really pathetic. The Chinese is single-handed, receiving no assistance from the government. But the Japanese in Manchuria has every protection from the government and long term credit at a low rate of interest. Still there are innumerable cases of failures. Hereafter, we should organize a cooperative exporting house to China. The steamship lines and the South Manchuria Railway should give it special discounts, and the government in Kwangtung should

extend to it financial credit at a very low rate of interest. When we can hope to beat the Chinese merchants and recover our trade rights, so that we may develop the special products of Manchuria and send them to all parts of the world.

The first step in gaining financial and commercial control of Manchuria and Mongolia lies in the monopoly sale of their products. We must have the rights of monopoly for the sale of Manchurian and Mongolian products before we can carry out our continental policy and prevent the invasion of American capital as well as the influence of the Chinese traders.

Although the products of Manchuria and Mongolia may go through any of the three ports, Dairen, Yingkow and Antung, nevertheless Dairen holds the key to the situation. Every year 7,200 ships pass through this port with a total tonnage of 11,566,000 tons. This represents 70 percent of the total trade of Manchuria and Mongolia. Fifteen navigation routes radiate out from it with definite sailing schedule. Most of it is costal sailing. We have in our grasp the entire transportation system of Manchuria and Mongolia. The monopoly sale of Manchuria's special products will eventually come into our hands. When that come true, we can develop our oceanic transportation in order to defeat both Yingkow and Antung. Then the large quantities of beans which the central and southern parts of China consume, will depend upon us entirely. Moreover, the Chinese are an oil eating people. In time of war, we can cut off their oil-supply and the life of the whole country will become miserable. Bean-cakes are important as fertilizers for the cultivation of rice. If we have control of the source of supply as well as the means of transportation, we shall be able to increase our production of rice by means of a cheap supply of bean-cakes and the fertilizers manufactured as a by-product at the Fushun coal mines. In this way, we shall have the agricultural work of all China dependent upon us. In case of war, we can put an embargo on bean-cakes as well as the mineral fertilizers and forbid their exportation to Central and South China. Then China's production of food-stuff will be greatly reduced. This

[illegible] in the way of building up our commercial navy which we have not yet built. We should remember that Russia and Germany also need large quantities of beans and bean-cakes. Since we have monopoly of the supplies and full control of transportation both on land and sea, the countries which have need of the special products of Manchuria and Mongolia will have to seek our good-will. In order to gain trade monopoly in Manchuria and Mongolia, we must have control of the complete transportation system. Only then can we have the Chinese merchants under our thumb.

However, the Chinese are adept in learning our tricks and beating us at our own game. We have yet found no supplies which we can compete successfully with them in all-native sail-boat transportation. After building up the new system of transportation, our policy should be two-fold. On the one hand, wreck the sail-boat trade by means of heavy investment in our own system. On the other hand, encourage our men to learn all they can from the Chinese about sail-boat business. Another thing we should be careful about is teaching the Chinese our industrial methods. In the past we have established factories in Manchuria and Mongolia, and carried on industries near the source of raw materials. This gave to the Chinese the opportunity of learning our secrets and establishing competing factories of their own. Hereafter, we should ship the raw materials back home and do the manufacturing there, and then ship the finished products for sale in China and other countries. In this way we shall gain in three ways: (1) provide work for our unemployed at home, (2) prevent the influx of Chinese into Manchuria and Mongolia, and (3) make it impossible for the Chinese to imitate our new industrial methods. Then iron of Penhsihu and Anshan and the coal of Fushun should also be sent home to be turned into finished products.

For all these considerations, the development of ocean transportation becomes the more necessary. The Chosen Yusen Kaisha Company should be enlarged, and our government should extend to it loans at low interest through the South Manchuria

Railway Company. By next year, we should complete [illegible] tons of new ships for oceanic transportation. That will be sufficient to dominate over the traffic of the East. For on the land, we have the South Manchuria Railway for land transportation; on the other hand, we control the large quantities of products in Manchuria and Mongolia waiting to be transported. The success of this enlarged activities in oceanic transportation with Dairen as centre is assured by the iron laws of economics.

Gold Standard Currency Necessary

Although Manchuria and Mongolia are within our field of activities, yet the legal tender there is still silver. It often conflicts with our gold basis and works to our disadvantage. That our people have failed to prosper as they should in these places, is due to the existence of silver monetary system there. The Chinese have persistently upheld the silver basis, and therefore have made it impossible for us firmly to establish our colonization plans on a firm economic foundation. We have suffered from it the following disadvantages:

1. The money that we bring into Manchuria is of gold standard. When we use it either for daily livelihood or for industry and trade, it has to be exchanged into Chinese silver dollars. The fluctation of exchange is not infrequently as much as 20 percent, resulting in serious loss to our people. Speculation becomes a regular business and investing money becomes a matter of gambling. When one plans an investment of two hundred thousand yen, one may suddenly find that his capital has been reduced to one hundred fifty or one hundred sixty thousand dollars due to the drop in exchange. The creditor would then have to call in the loan and business failures have often resulted.

2. The Chinese businessmen use silver money throughout and are free from the effects of exchange fluctuations. Therefore their "junk" trade is prosperous. Although they have no scientific knowledge of exchange value of gold and silver, they always gain in the transaction. They have a natural gift for

it, we suffer the more. And we lose in spite of our control of translation and special backing of banking business. Besides the handicap of monetary system, people in Central and South China always buy beans and bean-cakes from their own people. We have no chance against them. In consequence, we cannot conquer the whole of China.

3. With the silver standard in existence, the Chinese Government can increase their notes to counteract our gold notes. Consequently, our banks will fail to carry out the mission of extending our country's influence.

4. If the gold standard is adopted, we can issue gold notes freely. With the credit of the gold notes, we can acquire rights in real property and natural resources and defeat the credit of the Chinese silver notes. The Chinese will be unable to compete with us; and the currency of the whole of Manchuria and Mongolia will be in our control.

5. The Government Bank of the Three Eastern Provinces, the Bank of Communications, the Frontier Development Bank and the General Credit & Finance Corporation have in circulation silver notes amounting to 38,000,000 dollars. Their reserve funds in the form of buildings and goods are estimated at 1,350,000 dollars. It is natural that the Chinese notes should depreciate. It is only by acts of the Government that these notes are still in circulation. Until we have entirely discredited the Chinese silver notes, we will never place our gold notes in their proper place in Manchuria and Mongolia, much less obtain the monopoly in currency and finance of these two countries. With the depreciated and inconvertible silver notes, the government of the Three Eastern Provinces buys all kinds of products, thus threatening our vested interests. When they sell these products, they demand gold from us which they keep for the purpose of wrecking our financial interests including our trade rights in special products. For these reasons, our gold notes are having a harder time and a gold standard for currency becomes the more urgently necessary.

1. In view of the above-mentioned considerations, we must overthrow Manchuria's inconvertible silver notes and divest the government of its purchasing power. Then we can extend the use of our gold notes in the hope of dominating the economic and financial activities of Manchuria and Mongolia. Furthermore, we can compel the authorities of the Three Eastern Provinces to employ Japanese financial advisers to help us gain supremacy in financial matters. When the Chinese notes are overthrown, our gold notes will take their place.

The Necessity of Changing the Organization of the South Manchuria Railway

The South Manchuria Railway Company functions in Manchuria as the Governor-General of Korea did there before the annexation. In order to build up our new Continental Empire, we must change the organization of that Company so as to break away from the present difficulties. The functions of this Company are varied and important. Every change of Cabinet involves a change of the administration of the South Manchuria Railway, and conversely every activity of the South Manchuria Railway also has important consequences on the Cabinet. This is because the South Manchuria Railway is semi-governmental, with final authority resting in the Cabinet. For this reason, the Powers invariably look upon this railway as a purely political organ rather than a business enterprise. Whenever a new move is made for the development of Manchuria and Mongolia, the Powers would invoke the Nine Power Treaty to thwart the plans of the South Manchuria Railway. This has greatly damaged the interests of our empire.

Considered from the point of view of domestic administration, the South Manchuria Railway is subject to a quadruple control. There are the Governor of Kwantung, the Chief Executive of Dairen, the Consul-General at Mukden, besides the President of the South Manchuria Railway itself. These four officers must meet and exchange views at Dairen before anything is undertaken. What is discussed in the meeting held in

[illegible]

The important appurtenant enterprises of the South Manchuria Railway are:—

1. *Iron and Steel*

Iron and steel are closely connected with national development. Every country today attaches great importance to it. But because of the lack of ores, we have found no solution to this problem. Hitherto we have had to import steel from the Yangtze Valley and the Malay Peninsula. But according to a secret survey of our General Staff, a wealth of iron ores are found in many places in Manchuria and Mongolia, South [illegible]

native estimate of the reserve is 10 billion tons. At first when there was a lack of technique, the Anshan Iron and Steel Works was involved in an annual loss of Yen 2,000,000. Later, new methods were discovered, and the technique developed so that during 1926 the loss was only Yen 150,000 and a year later there was a profit of Yen 500,000. If the furnace is improved, we ought to save at least Yen 4,000,000 a year. The quality of the ore at Penhsihu is excellent. By amalgamating it with the Anshan Iron Works, we shall have the comfort of being self-sufficient in iron and steel.

The iron deposits in Manchuria and Mongolia are estimated at 1,200,000,000 tons, and coal deposits, 2,500,000,000 tons. This coal ought to be sufficient for smelting the iron ores. With such large amounts of iron and coal at our disposal, we ought to be self-sufficient for at least seventy years. At the rate of $100.00 profit on each ton of steel, for 350,000,000 tons of steel we shall have a profit of Yen 35,000,000,000. This is a tremendous asset to our economic resources. We shall save the expense of Yen 120,000,000 which we pay for the importation of steel every year. When we can have sufficient iron and steel for our own industries, we shall have acquired the secret for becoming the leading nation in the world. Thus strengthened, we can conquer both the East and the West. In order to attain this goal, the iron works must be separated from the South Manchuria Railway. Such unified control will keep China from preventing us to become self-sufficient in iron and steel.

2. *Petroleum*

Another important commodity which we lack is petroleum. It is also essential to the existence of a nation. Fortunately, there lie in the Fushun Coal Mine 5,200,000,000 tons of shale oil, from every hundred catties of which six catties of crude oil may be extracted. By means of American machinery, every hundred catties will yield nine catties of refined oil good for motor cars and battleships. At present, Japan imports from foreign countries 700,000 tons of mineral oils every year valued at Yen 60,000,000. These figures are on the increase. As there are 50 billion tons of shale in the Fushun Mines, the yield

calculated at five percent would be [illegible] tons; at nine percent, 450,000,000 tons of oil. Taking an average of the two, the yield would be 240,000,000 tons, and assuming the price of the oil to be fifteen Yen a ton, the oil which contained in the Fushun shale would bring in Yen 3,600,000,000. This will be a great industrial revolution for us. From the standpoint of national defence and national wealth, petroleum is an essential factor. Having the iron and petroleum of Manchuria, our army and navy will become impregnable walls of defence. Truly Manchuria and Mongolia are the heart and liver of our country is a fruitful saying. For the sake of our country, we should be congratulated.

Agricultural Fertilizers—Ammonia Sulphate and Other Products

Agricultural fertilizer is a great necessity for the production of foodstuff. Chemical fertilizers depend upon the ammonia sulphate extracted from coal. The Fushun coal yields splendid good results. At present, our total consumption of ammonia sulphate is 500,000 tons. Of this, only half is manufactured at home, using the coal from the Kailan or the Fushun Mining Companies. The remaining half is imported from abroad at the cost of Yen 35,000,000 a year. With our agricultural work daily increasing and in view of the development of our new empire in Manchuria and Mongolia, we shall easily need 1,000,000 tons of ammonia sulphate every year during the next ten years. From the soot gathered from the burning of Fushun coal connected with the manufacture of steel, we could produce large quantities of ammonia sulphate. If the yield is put at 300,000 tons a year, we shall add an annual income of more than Yen 60,000,000. In fifty years, this will amount up to Yen 2,000,000,000. This money could be used for the improvement of our agriculture. If there is any surplus, we can lay hands on it and then invade the farms all over China and in the South Sea Islands. In order to accomplish this we must separate this enterprise from the South Manchuria Railway. We shall then be able to control the farmers of the Far East.

Soda and Soda Ash

We import 100,000 tons of Soda Ash at the cost of more than Yen 10,000,000 a year. Both soda and soda ash are valuable materials for military and industrial purposes. Soda is derived from nothing more than salt and coal, both of which are cheap and abundant in Manchuria and Mongolia. If we go into this manufacture, we can supply not only ourselves but can also sell it to China with a view to controlling its industrial products. We ought to gain from it a profit of at least Yen 15,000,000 a year. We can also supply our own military and chemical needs. Again this industry must be separated from the South Manchuria Railway.

Magnesium and Aluminium

According to the independent surveys of the South Manchuria Railway Company and Dr. Honta of Tohoku University, magnesite and aluminium is a very promising business (in Manchuria). Magnesite is found in the surroundings of Tashichiao, and aluminium in the vicinity of Yentai. The deposit is one of the largest in the world. A ton of magnesite is worth Yen 2,000 and a ton of aluminium is worth about Yen 1,700. An estimate of the deposits of both minerals in Manchuria is Yen 750,000,000. These substances are especially useful for making aeroplanes, mess kits in the army, hospital apparatus and vessels, and other important industries. The United States alone has extensive deposits of these substances. The output of our country is one ton a year! Such materials are becoming more useful every day, but the supply is insufficient. Its price is growing high, as if never reaching a limit. The deposits in our territory of Manchuria and Mongolia, are nothing less than a God-given gift. The metal is really precious, being indispensable to both our industry and national defence. It also should be made in independent business, separate from the South Manchuria Railway. Its manufacture should be in Japan, so as to keep the Fengtien Government from imitating it on the one hand and to avoid the watchful eyes of the British and American capitalists on the other. After we

[illegible] control of it in the Three Eastern Provinces may harness the water power of the Yalu River to [illegible] these metal ores. In view of the development [illegible] the future all the world will come to us for the [illegible] duty for commodities.

If all the enterprises mentioned above are made independent undertakings, they would make rapid progress and [illegible] least a profit of 60 billion yen a year. The industrial development in South Manchuria means much to our national defense and economical progress. It will help us to build the foundation of an industrial empire. As to the cultural undertakings such as hospitals, schools and philanthropic institutions, they are our signal towers in the advance into Manchuria and Mongolia. They are the institutions for [illegible] prestige and power. More specifically, they are the basis of rights and privileges. Let us separate all these from the South Manchuria Railway in order that we may unfetter our efforts and advance into North Manchuria to cultivate the sources of great wealth there.

When these important undertakings become independent and are free to develop without the interference of [illegible] they will naturally become chattels of national prosperity. As the wings of economic development, we could make rapid advance without either arousing the suspicion of the Powers or the anti-Japanese activities of the people of the Three Eastern Provinces. Such hidden methods would enable us to build the New Continental Empire with ease and efficiency.

The foreign loans for the South Manchuria Railway [illegible] be confined to those railroads already completed. Other railways built by us but nominally under Chinese [illegible] either be amalgamated with the completed lines or made independent according to the desire of the investing nations. The slogan of "Equal Opportunity" helps us to get foreign loans as well as to dispel suspicion of our designs in North Manchuria. At any rate, we shall need foreign capital to develop our continental empire. When the South Manchuria Railway is [illegible]

to foreign investments, the powers will be glad to lend more to us and China can do nothing to block it. This is an excellent way to further our plans in Manchuria. We should lose no time in doing it. As to the wealth concentrated in the northern part of Manchuria and Mongolia, we should be likewise. The two new railways from Kirin to Hueining and from Changchun to Taku, as well as the lumber and mining interests, should also be managed as separate institutions.

The South Manchuria Railway will also be greatly enriched by our exploits in North Manchuria. Already Chinese immigrants are pouring into South Manchuria in large numbers. Their position will become stronger every day. As the right of renting land in the interior is not yet secured, our immigrants are gradually losing ground. Even if our government's backing will maintain our people there, they cannot compete with the Chinese due to the latter's low standard of living. Our only chance now is to defeat the Chinese by heavy capitalization. This again necessitates the use of foreign loans. This is so, especially because the riches of North Manchuria are even not accessible to the Chinese immigrants. We must seize the present opportunity, and hasten the progress of immigration by our own people and take possession of all rights there so as to shut out the Chinese. But in order to encourage immigration, rapid transportation is essential. This will both afford facilities to our people and bring the natural resources there to the would be market. Moreover, both Russia and ourselves have been increasing armaments. On account of geographical positions, we have conflicting interests. If we want to obtain the wealth of North Manchuria and to build up the New Continent according to the will of Emperor Meiji, we must rush our people into North Manchuria first and seek to break the friendship between Russia and China. In this way, we can enjoy the wealth of North Manchuria and hold at bay both Russia and China. In case of war, our immigrants in North Manchuria will combine with our forces in South Manchuria, and at one stroke settle the problem forever. In case this is not possible, they can still maintain their own in North Manchuria and supply the rest of

us with food-stuff and raw materials, the [illegible] Manchuria and our country are so [illegible] directly into North Manchuria and [illegible]

The Necessity of Establishing a Colonial Department

Our exploitation of Manchuria [illegible] Often those in authority take such different views that even the most profitable undertaking for our country cannot be carried out. Because of the lack of [illegible] and are made propaganda materials by the Mukden government much to the detriment of our country in international relations. Whenever a new undertaking is projected in Manchuria and Mongolia, it will become the subject of discussion at [illegible] meetings and conferences in Dairen. Not only that, because of the four-headed government there is necessary [illegible] the sanction of the cabinet at home has to be secured before anything can be carried out. Because of all these [illegible] any undertaking will take months and months before any definite results are seen. In the process it is possible for the Chinese to employ Japanese adventurers to steal our secrets so that before a project is launched it is often reported to the Chinese and in turn it becomes common property of the world. We are suddenly brought under the check of world opinion, and more than once we have incurred hardship in putting into practice our policy toward Manchuria and Mongolia. Furthermore, the opposition party has also made capital out of what they did in these regions in order to attack the government. All these have many serious harm with our diplomatic relations. Henceforth, we must change our practice in order to prevent adverse. The centre of control must be in Tokyo. That will (1) insure secrecy, (2) stop China from knowing beforehand our plans, (3) avoid the suspicion of the powers before a thing is done, (4) unify the multiple control in Manchuria and (5) bring the government agencies in Manchuria and Mongolia in close touch with the central government so as to deal with China with undivided power. For these reasons we should follow the original plan for absorbing Korea laid down by Ito and Katsura

and establish a Colonial Department, the special function of which is to look after the expansion in Manchuria and Mongolia. The administration of Formosa, Korea and Sagahalien Island may be its nominal function, but our expansion in Manchuria and Mongolia is its real purpose. This will blind the eyes of the world on the one hand and forestall the disclosure of secrets on the other.

It is my personal conviction that the fact that the absorption of Korea could not be effected during the administration of Ito, is due to the lack of a special office for control. Therefore, there were always differences of opinion and secret policies were opposite. Such a state of affairs played into the hand of international obstruction and Korean opposition. Then a number of propagandists went to Europe and America as well as Korea itself, declaring that we firmly respected the independence of Korea and had no designs on an inch of Korean territory. The result of their work was the recovery of international confidence. After that, a colonial department was established under the pretence of Formosa, Then we seized the opportunity and the object was gained! It goes to prove that in order to undertake colonization and immigration, a special office for it is absolutely necessary. Moreover, the creation of a new empire in Mongolia and Manchuria is of utmost importance to the existence of Japan. It is necessary to have a special colonial office in order that the politics in that vast territory may be controlled from Tokyo. The officers in the field should only take orders; they should not interfere with the execution of policies where they please. This will insure secrecy; and the opposition nation have no chance of getting into the secrets of our colonial activities. Then our movements regarding Mongolia and Manchuria will be beyond the reach of international public opinion, and we shall be free from interferences.

As to the subsidiary enterprises of the South Manchuria Railway such as the Development Company, the Land Company, and the Trust Company, the power of supervision and planning should also be in the colonial office. They should all be under united control, in order that they may all help in the general

policy of expansion in Mongolia and Manchuria of the Imperial Government and completes the creation of the new empire.

Taling River Valley or Peking-Mukden Railway

The Taling River Valley is a wide area sparsely populated but infested with bandits. Many Koreans have made settlements here, especially in rice field. Judging from its resources this region is bound to be prosperous. It will also be an advantageous foothold for us if we want to expand into the Jehol region. We should give full protection to our Korean subjects here and wait for an opportunity to secure from China the right of colonization so that our immigrants may live here and act as our vanguards to Jehol and Mongolia. In case of warfare, this valley will be a strategic point to quarter large number of soldiers. We shall then not only check the Chinese soldiers from advancing north but also hold the key to the immense wealth of South Manchuria. When Koreans come into this region we should finance them through our Trust and other financial organs with a view to gaining for these organs the actual ownership while the Koreans may satisfy themselves with the wealth of herds at the disposal of our country. This can must reside with the Koreans. It is a convenient way of securing rights from the Chinese government. Henceforth the trust companies and financial organs should give them full backing when our own and Korean subjects wish to gain land ownership. If they need money to buy farms from the Chinese the right of farming only. Ostensibly the ownership of land ably we shall gain control of the better rice fields which may give to our own emigrants. They shall displace the Koreans who in turn may go on opening new fields, to deliver for convenient use of our own people. This is the policy with respect to the colonization of rice field and bean farms. As to the policy for herd farming, the Development Company should be especially entrusted gradually to expand, eventually placing the financial organs should also come to their aid. The company may also take care of horse breeding and select the best out of Mongolia for the use of our national defence.

Precaution Against Chinese Migration

Recently the internal disturbances in China have driven large hordes of immigrants into Mongolia and Manchuria, thereby threatening the advance of our migration. For the sake of our activities in this field we should not fail to take precautions. The fact that the Chinese government welcomes this migration and does nothing to hold back the tide oppresses our policy even the more seriously. A noted American sinologue has made the statement that the Mukden authorities are carrying out such effective government that all people are moving into their territory. Therefore, the influx of immigrants is looked upon as a mark of effective government of Mukden authorities. We, of course, are concerned. Unless we put a stop to it, in less than ten years our own policy of emigration will prove an instrument for China to crush us with. Politically we must use police force to check this tendency as much as possible and economically our financiers should drive the Chinese out with low wages. Furthermore, we must develop and expand electric power to displace human labor. This will keep out Chinese immigrants as well as monopolize the control of motor force as a first step toward controlling the industrial development of this vast region.

Hospitals and Schools

Hospitals and Schools in Manchuria must be independent of the South Manchuria Railway. For the people have often considered these as institutions of imperialism and refuse to have anything to do with them. When these are separated and made independent institutions we shall be able to make the people realize our goodness so that they will feel thankful to us....But in establishing schools emphasis should be laid on normal schools for men and women. Through these in educational work we may build up a substantial good-will among the people towards Japan. This is our first principle of cultural structure.

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G-2 Report

4-1

3000 - Government
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CHINA (Political)

FEB 25 1931

2657-D-403

Subject: The National People's Convention

(Scheduled for May 5, 1931)

WAR DEPARTMENT

RECEIVED G/2 W. D. FEB 25 1931

Observers of Chinese affairs are now centering their interest on the forthcoming National People's Convention, which is scheduled for convocation on May 5, 1931, at the Capital. Provided for, as it was, in the testamentary will of Dr. Sun Yat-sen, a previous attempt was made to call this meeting but conditions, at that time, were such as to necessitate its postponement. The important bearing which this Conference is likely to have on the Kuomintang and its present policies, as well as the Party's ultimate goal of constitutional government "of, by, and for the people", leads this office to believe that occasional reports, as here rendered, of preliminary steps preceding the Conference are desirable, and as such, that same in addition to being of interest, will probably enable one to follow more intelligently the outcome of the convention.

As previously reported, the decision to call this Conference is one of the important resolutions adopted by the Fourth Plenary Session of the Kuomintang Central Executive and Supervisory Committees which sat at Nanking, November 12-18, 1930.

The proposal adopted is to the effect that the Period of Political Tutelage having just commenced, it is necessary, in order to lay the foundation of a constitutional government, to consult the people with regard to the various fundamental problems of the country---convening a National People's Convention for that purpose; it also recommends that this Convention should decide upon the programme of Political Tutelage and set a date for the promulgation of the Permanent Constitution: apropos to this recommendation it is important to remember that the Second Plenary Session (June 12-18, 1919) of the present Central Executive and Supervisory Committees adopted a resolution prescribing that the so-called Period of Political Tutelage should be one of six years, ending in 1935. The possibility of the Conference to be held on May 5th fixing a date other than 1935 for the adoption of the permanent constitution gives rise to much speculation as to Party politics and individual power and ambitions therein, all of which for the present must be excluded from the realm of fact, but they do definitely indicate either a lengthening or shortening of the period of Kuomintang rule over the country.

On New Year's Day the National Government enacted a law governing the election of delegates for the Convention, fixing the total number at 520 and apportioning them as follows:

(1) 450 to be elected from the various provinces -

Anhwei	- 20	Kokonor	- 5
Chahar	- 5	Kwangsi	- 11
Chekiang	- 24	Kwangtung	- 30
Fukien	- 14	Kweichow	- 11
Heilungkiang	- 5	Liaoning	- 15
Honan	- 30	Ninghsia	- 5
Hopei	- 30	Shansi	- 12
Hunan	- 30	Shantung	- 30
Hupeh	- 29	Shensi	- 17
Jehol	- 5	Sinkiang	- 5
Kansu	- 7	Suiyuan	- 5
Kiangsi	- 28	Szechwan	- 30
Kiangsu	- 30	Yunnan	- 12
Kirin	- 5		

From M/A, China Report No. 7929 January 28, 1931

CHINA (Political)

Subject: The National People's Convention - cont'd.

(2) 22 to be elected from the various municipalities -

Canton	- 3	Peiping	- 3
Hankow	- 3	Shanghai	- 5
Harbin	- 1	Tientsin	- 3
Nanking	- 3	Tsingtao	- 1

(3) 12 to be elected from Mongolia,
(4) 10 to be elected from Tibet, and
(5) 26 to be elected from Chinese nationals resident abroad -

Africa	- 1	Honolulu	- 1
Annam	- 1	India	- 1
Australia	- 1	Japan	- 1
Burma	- 1	Korea	- 1
Canada	- 2	Mexico	- 1
Central America	- 1	Peru	- 1
Chile	- 1	Philippine Islands	- 1
Cuba	- 1	Siam	- 2
Dutch Colonies	- 2	Tahiti	- 1
Europe	- 1	United States of America	- 2
Federated Malay States	- 2		

All of the above delegates are to be chosen by the following organizations:

(1) Peasants' Unions,
(2) Labor Unions,
(3) Chambers of Commerce and Industrial Organizations,
(4) Educational Associations, National Universities, Universities registered at the Ministry of Education, and Associations of Liberal Professions (a - Bar Associations; b - Press Associations; c - Associations of Medical Practitioners; d - Associations of Engineers; e - Associations of Public Chartered Accountants),
(5) The Kuomintang of China.

The mandate requires that all the foregoing organizations must be those which have been "legally established", except Industrial Organizations and Associations of Liberal Professions---the qualifications of which "shall be determined separately"; it does not specify the apportionment of the number of delegates to be elected by said organizations. Subsequently, however, the Government announced the apportionment of delegates as follows (numbers referring to the above numbered organizations, i.e., (1) Peasants' Unions, (2) Labor Unions, etc.):

Anhwei,	4 each from (1), (2), (4), and (5)
Charhar,	1 " " (1), (2), (3), (4), and (5)
Chekiang,	5 " " (1), (2), (3), and (4), and 4 from (5)
Fukien,	3 each from (1), (4), and (5), and 2 from (2)
Heilungkiang,	1 each from (1), (2), (3), (4), and (5)
Honan,	6 " " (1), (2), (3), (4), " (5)
Hopei,	6 " " (1), (2), (3), (4), " (5)

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Subject: The National People's Convention - cont'd.

Hunan,	6	each from	(1), (2), (3), (4), and (5)
Hupeh,	6	" "	(1), (2), (3), and (4), and
	5	"	(5)
Jehol,	1	" "	(1), (2), (3), (4), and (5)
Kansu,	2	" "	(1), and (2), and
	1	" "	(3), (4), and (5)
Kiangsi,	6	" "	(1), (2), and (3), and
	5	"	(4)
Kiangsu,	6	" "	(1), (2), (3), (4), and (5)
Kirin,	1	" "	(1), (2), (3), (4), and (5)
Kokonor,	1	" "	(1), (2), (3), (4), and (5)
Kwangsi,	3	"	(1), and
	2	" "	(2), (3), (4), and (5)
Kwangtung,	6	" "	(1), (2), (3), (4), and (5)
Kweichow,	3	"	(1), and
	2	" "	(2), (3), (4), and (5)
Liaoning,	3	" "	(1), (2), (3), (4), and (5)
Ninghsia,	1	" "	(1), (2), (3), (4), and (5)
Shansi,	3	" "	(1), and (2), and
	2	" "	(3), (4), and (5)
Shantung,	6	" "	(1), (2), (3), (4), and (5), and
	1	"	Weihaiwei Special District.
Shensi,	4	" "	(1), and (2), and
	3	" "	(3), (4), and (5)
Sinkiang,	1	" "	(1), (2), (3), (4), and (5)
Suiyuan,	1	" "	(1), (2), (3), (4), and (5)
Szechwan,	6	" "	(1), (2), (3), (4), and (5)
Yunnan,	3	" "	(1), and (2), and
	2	" "	(3), (4), and (5)
Shanghai Municipal District,	1	" "	(1), (2), (3), (4), and (5)

Hankow, Peiping, Tientsin and Tsingtao Municipal Districts, less than 5 from (1), (2), (3), (4), and (5) combined.

The New Year's edict prescribes that candidates for election as delegates to the National Convention must be persons who, being engaged in their respective fields, have not changed their occupations during the following period (immediately preceding the election):

(1) Persons engaged in agriculture for a period not less than ten years;

(2) Persons engaged in trade or industry for a period not less than five years;

(3) Persons engaged in educational enterprises for a period not less than five years;

(4) Persons engaged in various liberal professions for a period not less than five years.

(This provision of the mandate is important in that it makes it possible to investigate the activities of candidates for some years past.)

Those barred from eligibility as delegates are:

(1) Persons who have been convicted on charges of counter-revolutionary conduct; or persons against whom orders for arrest are still in force;

(2) Persons having been in the government service who have been convicted on charges of corruption;

CHINA (Political)

Subject: The National People's Convention - cont'd.

(3) Persons who have been deprived of their civic rights and who have not yet been granted restitution of such rights;
(4) Persons suffering from feeble-mindedness or addicted to bad habits;
(5) Persons who, having once been members of the Kuomintang of China, have been either expelled or suspended from Party membership.

(This provision of the mandate is also important as it provides the means of "packing" the Conference.)

The enactment of January 1st further states that for the election of delegates to the Convention there shall be "Chief Superintendents" and "Superintendents of Elections". For the various provinces, the Commissioner of the Provincial Department of Civil Affairs shall be the Chief Superintendent of Elections; for the various "hsiens", the District Magistrates shall be the Superintendents of Elections; and for the various municipalities the respective Mayors shall be the Superintendents of Elections. In each of the various organizations electing delegates, the person having power to represent the organization shall be "Supervisor of the Election" for his organization. Later legislation directs that "the date for the holding of the elections in the various provinces shall be determined and announced by the respective Superintendents of Elections. Prior to the polling of votes the Superintendents shall instruct the various electoral organizations to submit detailed lists of electors".

The New Year's mandate concludes by specifying the action to be taken in case of fraud in the elections.

At present, in the absence of an announced procedure, it appears that the machinery of election of delegates, for districts or provinces other than Mongolia, Tibet, and Chinese nationals resident abroad, would function as follows:

(1) Authorized organizations of each "hsien" to elect one or more candidates (number just now unknown);
(2) "Hsien" candidates of each province to elect from among themselves the number of delegates authorized the province; these delegates with those elected in the Municipal Districts, and from Mongolia, Tibet,and Chinese nationals resident abroad to compose the National People's Convention.

The Kuo Wen News Agency announces that "as a step towards the Conference next May the National Government has instructed the various Kuomintang organs in the country to supervise the organization and reorganization of the public bodies in the shortest possible time.
"With the exception of the Farmers' Union, all the merchants' and labor unions and other popular organizations in existence should be re-organized in accordance with the union regulations promulgated by the Legislative Yuan before the end of the month (January). New regulations governing the organization of the Farmers' Union will be made known shortly.
"New unions should be organized before February 15. Party organs are told to make detailed reports on the union organization and reorganization before March 1. These reports will be used as a basis for the nomination of delegates to the forthcoming People's Convention".

CHINA (Political)

Subject: The National People's Convention - cont'd.

The press reports that "on January 23, the National Government Council decided to establish a general office in connection with the elections. Mr. Tai Chi-tai, Chairman of the Examination Yuan, was appointed to take charge of the bureau".

When it was first announced that the Fourth Plenary Session had decided to convene this Conference, many confused it with the National Congress which is to be called at the completion of the Political Tutelage Period (1935). President Hu Han-min, of the Legislative Yuan, in the course of a talk to that body, on January 10, discussed the distinction between the coming Convention and the National People's Congress, as follows:

"The main task of the National Convention to be held on May 5, consists in the consolidation of national unification, acceleration of national reconstruction, and the completion of the Political Tutelage Program. In order that the people might fully appreciate and endorse the policies of the Party, the Party Platform, as outlined in the declaration of the first Party Congress, would be laid before the Convention for approval.

"There exists a clear line of demarcation between the National Convention to be convened this year and the People's Congress which will be called later upon the completion of the Political Tutelage Period.

"Regarding their composition, the Convention is to be composed of delegates elected by the various organizations which are now already in existence, whereas delegates to the Congress are to be chosen by the District Autonomous Governments, which are still in process of formation. According to Dr. Sun's Outline for the Reconstruction of the Nation, not until the majority of the provinces have reached the stage of self-government is the People's Congress to be called.

"With reference to their powers, there exists also a clear distinction. The main task of the Convention is to solve various important problems during the Political Tutelage Period so as to pave the way for Constitutional Government and lay down the foundation of a Government of the people, by the people, and for the people. The People's Congress will exercise the power of deciding upon the Permanent Constitution; the powers of election and recall, in regard to Government officials, and the powers of initiative and referendum in regard to Laws and Legislation."

Indications are that when the meeting convenes the Party leaders will be prepared to lay before it concrete proposals. President Chiang Kai-shek is reported as having "invited members of the Central Kuomintang committees and heads of the various ministries to his residence every Sunday to discuss problems relating to the Conference". (One such problem believed to be the subject of such discussions is that of "the difficulties arising out of the conversion of the China Merchants Steam Navigation Co. into a State enterprise, notably that relative to the compensation of private shareholders".)

It is apparent that the forthcoming Convention will be nothing more or less than a packed Party affair, but under the circumstances it is not reasonable to expect that delegates to this Convention could be anything other than pro-Kuomintang; however, coming as they do from all parts of the Republic and representative of the various organized activities from which elected, it is believed that they are bound to develop

CHINA (Political)

Subject: The National People's Convention - cont'd.

important issues and bring to the attention of the Government certain needs---the championing of which will likely serve to popularize the Party with the people. It is intended that the Government lay before the Convention its political principles and policies and solicit their support on same; thus it can be expected that treaty abrogation, concession rendition, and relinquishment of consular jurisdiction will be broad planks in the Party platform after the Convention adjourns.

MBD

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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G-2 Report

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2657-D-403
WAR DEPARTMENT

CHINA (Political)

2657-D-403

Subject: The National People's Conference.

(Supplement to Report No. 7929, Jan. 28, 1931)

RECEIVED G/2 W. D. APR 9 1931

In early January (1931) it was evident that Chiang Kai-shek was striving against the possibility of a majority opposition at the Conference. To preclude such possibility it was rumored that he was willing to enter into a compromise with the "lefts" under the leadership of Wang Ching-wei. Despite past differences, Wang and Chiang now have much in common. Former harmonious relations could well enough be used as an excuse for reconciliation. Wang supporting Chiang would naturally greatly strengthen the latter's power in the Party. It was said that, if necessary, the Generalissimo would request Madame Sun Yat-sen to return home and effect the compromise through her intervention.

These rumors have been colored by the unexpected arrival at Shanghai, on February 5th, of Mr. Eugene Ch'en, after an absence from China of more than three years. As is well known, Mr. Ch'en, during his stay abroad, married a daughter of Mr. Chang Ching-chiang, the Elder Statesman, great admirer and supporter of Dr. Sun Yat-sen. It was he who first introduced Chiang Kai-shek to Dr. Sun. Some Chinese circles state that Eugene Ch'en's return presages that of Madame Sun, as she was unwilling to do so without his having preceded her. Ch'en's coming back to China while Chiang Kai-shek dominates affairs leads one to believe that his return meets with Chiang's approval and indicates some sort of an agreement or understanding between them.

Mr. Yu Yu-jen, Director of the Control Yuan, is also said to be working for a rapprochement between Wang and Chiang.

It is of course still too early to say just how President Chiang hopes to increase his personal influence. Granting that he is desirous of Wang Ching-wei's support, the President has not however confined himself to an attempt to secure such an alliance. A weakened opposition would serve just as well, if not better, to strengthen his position——and this he has achieved.

As soon as plans began to be made for the May Convention, it became apparent that Chiang's position as Dictator was being openly challenged by an influential group within the Party under the leadership of Mr. Hu Han-min.

Chiang's plans for the Convention provide for the adoption by it of a Provisional Constitution (Yueh Fa) during the period of Political Tutelage. This has been publicly opposed by Hu as well as by Dr. Wang Chung-hui, Chairman of the Judicial Yuan. Each of them has on various occasions undertaken to "interpret" the purpose of the coming People's Conference and their views have been given much prominence in both the foreign and native press. There is a marked similarity in these views but of the two, Dr. Wang Chung-hui's remarks are the most pointed. Speaking at the weekly memorial service of February 2nd at Nanking, Dr. Wang said, among other things: "It is a serious mistake to think that after the convocation of the National People's Conference, a constitution will be adopted and a constitutional government established. Those who have this wrong idea either have never read carefully the writings of Dr. Sun Yat-sen, the founder of the Kuomintang, or hope to use this opportunity to further their own selfish ends....that until the Period of Political Tutelage has been successfully completed, the question of a constitution, either permanent or provisional, is premature".

From M/A, China Report No. 7959 March 11, 1931

CHINA (Political)

Subject: The National People's Conference.

Hu Han-min's remarks, as they appeared in the press, are not nearly as pointed as those of Dr. Wang. Yet it is Hu whom President Chiang has signaled out for his attack, while Wang Chung-hui is made one of a committee of ten to draft a "yueh fa" (Provisional Constitution). This in itself indicates that Chiang considers Hu his real menace.

In Hu's case, Chiang has acted with his characteristic decisiveness. On the evening of February 28, Hu, a guest at a dinner given by Chiang at his home, was forced to resign from all substantive and concurrent posts and placed under surveillance. The following day he was removed to Tangshan where he remains at present.

It now appears that the most important issue to be brought up at the May meeting will be the adoption of a Provisional Constitution. On March 2, the Standing Committee of the Central Executive Committee decided to include among the urgent measures to be discussed by the Conference the question of the adoption of a constitution, and appointed a committee to draft it. Such a constitution will undoubtedly provide for a President who will very likely be elected then and there by the delegates. Generalissimo Chiang Kai-shek will of course in all probability be the man "elected"—— and thereby his position as the highest authority in the land will be legalized.

Since the last report on this subject was submitted (Report No. 7929, January 28, 1931) there has been little evidence of any activity in the public bodies authorized to nominate delegates to the Conference. There are some who insist that it will have to be postponed, but what appears most likely is that the delegates will be "picked" and a "packed Chiang" conference convened as scheduled. Apropos to the functioning of the public bodies, the Standing Committee of the Central Executive Committee adopted on January 22, two important sets of regulations——one governing the reorganization of civic bodies in the various Northern provinces and the other relating to the election of officers of such organizations.

According to the first set of regulations, in all provinces such as Hopei, Shantung, Honan, Shansi, Shensi, Kansu, Ninghsia, Sinkiang, Kokonor, Charhar and Suiyuan, where official Party Headquarters have not yet been organized or where party activities have been suspended by order of Central Party Headquarters, reorganization of the various civil organizations or the formation of new ones, must be carried out under the direction of members of the C.E.C. These members to be appointed by the Central Party Headquarters or to be special delegates despatched by the Central Training Department with the approval of the C.E.C.

The other set of regulations governing the election of officers of these organizations, provides that their election must be held under the direction of representatives of the local administrative organs. The open-ballot system is to be adopted in the counting of votes and the system of plurality used. Officers elected are to be in charge of the polls and balloting, in their organizations, when the election of delegates to the Conference is held.

The foregoing provisions further insure that only such delegates as are acceptable will receive election.

CHINA (Political)

Subject: The National People's Conference.

In our previous report (No. 7929, January 28), the number of authorized Kuomintang delegates from the various provinces was given. On January 29, the regulations governing their election were passed. In summary, the most important points are as follow:

(1) Delegates shall be elected directly by Kuomintang members.

(2) Special Kuomintang members working in railroads or on seagoing vessels shall be assigned to certain provincial areas for voting.

(3) Overseas Kuomintang members shall elect their delegates in accordance with regulations adopted abroad.

(4) Special Kuomintang members in the Army shall, from the garrisoning districts, designate fifteen members from whom the delegates will be elected. (Note: The number of delegates to be elected from the Army is not known to this office.) The fifteen members mentioned shall be distributed as follows: 1 from each of the following provinces - Kiangsu, Anhwei, Kiangsi, Shantung, Hupeh, Kwantung, and Shensi; and 2 from each of the following - Hopei, Honan, Hunan, and Szechwan.

On February 16, regulations for the organization of a General Office in charge of Elections of Representatives to the coming Convention were announced. Mr. Tai Chi-tao, Chairman of the Examination Yuan, and Mr. Sun Fo were appointed Director and Assistant Director, respectively, of it. The regulations cover in general the organization of the office. Its functions are to interpret the laws of elections, to direct and conduct the procedure of elections, and to make preparations for the coming Conference.

On February 21, regulations were promulgated governing the Organization of Provincial and Municipal Offices to take charge of the elections for the May assembly. According to the regulations, the Superintendents of Elections for the various provinces or municipalities shall establish offices to attend to all matters pertaining to the elections. Such offices shall be under the direct control of the Central Election Office at Nanking. The principal duties of such offices shall be to report to the Central Election Office the organization and history of the various electoral organizations, and the names and records of officers in charge of polls and opening of ballots, as well as the names of the various Supervisors of Elections.

It has been announced that all expenses in connection with the forthcoming elections will be defrayed by the Central Treasury. A monthly appropriation of $1,000 and $500 will be granted to the Provisional and Municipal Election Offices, respectively.

The May 5th Conference promises now, more so than before, to be the most important event in the history of the Kuomintang since the First National Congress of January 20-30, 1924. Present indications are that Generalissimo Chiang Kai-shek will emerge from it stronger than ever——the strongest individual that has arisen in the Party since Sun Yat-sen passed on.

The following is a chronological list of events so far, dealing with the National People's Conference:

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3000-Government
General

CHINA (Political)

Subject: The National People's Conference.

I. The Fourth Plenary Session of the Kuomintang Central Executive and Supervisory Committees, which convened at Nanking, November 12-18, 1930, adopted a resolution which called for the convocation of the National People's Conference on May 5, 1931.

II. January 1, 1931, the National Government enacted a law fixing the total number of delegates to the Conference at 520. Delegates to be apportioned among the various provinces and special municipalities and elected from the following organizations:

(a) Peasants' Unions.
(b) Labor Unions.
(c) Chambers of Commerce and Industrial Organizations.
(d) Educational Associations, Universities, etc.
(e) The Kuomintang of China.

III. For the election of delegates in II above there shall be "Chief Superintendents" and "Superintendents of Elections". In the various provinces, the Commissioners of the Provincial Departments of Civil Affairs shall be the Chief Superintendents of Elections. In the various "hsiens" (districts), the District Magistrates shall be the Superintendents of Elections. In the various municipalities the respective Mayors shall be the Superintendents of Elections.

IV. January 22, 1931, various provinces were ordered to reorganize or form new organizations such as listed in II above.

V. February 5, Eugene Ch'en returned to China.

VI. February 16, regulations for the organization of a General Office in charge of Elections of Representatives to the Conference were announced. Mr. Tai Chi-tao appointed Director and Mr. Sun Fo Assistant Director.

VII. February 21, regulations promulgated governing the organization of Provincial and Municipal Offices to take charge of the Elections. Such offices under the direct control of VI above.

VIII. February 28, Mr. Hu Han-min resigned from all posts and placed under surveillance.

IX. March 3, the Standing Committee of the Central Executive Committee decided to include among the urgent measures to be discussed at the Conference, the question of a constitution. A committee was appointed to draft such constitution for presentation to the Conference.

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3000-Government
General
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MAY 16 1931
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3
WAR DEPARTMENT

CHINA (Political)

Subject: The National People's Conference.

(Supplement to Reports No. 7929 and 7959.)

RECEIVED G/2 W. D. MAY 12 1931

With the date set for the convening of the National People's Conference (May 5th) rapidly approaching, there is as yet no indication of genuine enthusiasm on the part of the people over its opening. In fact, there are many indications that it may have to be postponed. The extra-territoriality negotiations, which Nanking announced would be successfully concluded prior to May 5, promise to extend beyond that date; the Red-bandit campaign in the mid-Yangtse Valley has dragged along and presents little evidence of an early completion; no settlement has yet been made of the Kwangsi "affair"; civil war on a large scale threatens, and is reported to have already begun in Szechwan; unrest in Shansi still prevails; the new tax scheme, of such vital interest to the people, has yet to prove itself better than the old; and nowhere has much interest been displayed in the election of delegates to the meeting.

A conference convened under the foregoing conditions would leave but little credit to the present party leaders. However, Dictator Chiang Kai-shek made no effort to mince matters at the Fourth Plenary Session of last November. He is just as likely to insist on the May convention being called as scheduled and there expose causes responsible for the present conditions, and demand their rectification. The general opinion is that the conference will be opened on May 5, but that due to delay in the elections it will have to wait until sufficient delegates have reported in Nanking before going into business session.

As said before, the People's Convention will naturally be a hand-picked Kuomintang gathering. It could not be otherwise. Yet if it adopts a provisional constitution, as brought up in the last report of this series (No. 7959) it will probably have done as much to hasten the attainment of the goal of constitutional government as if the people had actually been directly represented. This appears to be Chiang Kai-shek's desire and it is very likely that it will be achieved. Much depends on Mukden's attitude. The Young Marshal in Nanking during the convention would appear to insure Chiang's position. No truer test of Chang Hsueh-liang's support of the present government could be devised than the May conference.

The return of Eugene Chen to China, contrary to expectation, has had no visible effect on Chiang Kai-shek's plans. Mr. Chen does not even appear to be very popular around the capital. Hu Han-min's dismissal seems to have had its desired end. He has "returned" to Nanking but there is every indication that he is held there under strict surveillance.

The committee appointed to draft the provisional constitution has held several meetings. They have prepared a draft of a provisional constitution which as yet has not been formally approved by the Standing Committee of the Central Executive Committee. This proposed constitution is understood to consist of the following five chapters:

(1) General Principles: That the precepts contained in Dr. Sun's "Outline for National Reconstruction" shall be regarded as the basic principle for the reconstruction of the nation; that the order of reconstruction shall be divided into three periods, namely, the Period of Military Conquest, the Period of Political Tutelage, and the Period of Constitutional Government; and that during the Period of Political Tutelage, the Provisional Constitution shall be the Fundamental Law of the State.

CHINA (Political)

Subject: The National People's Conference.

(2) Rights and Duties of the People: Provides that all citizens of the Republic, irrespective of race, religion, clan or sex, shall be equal before the law; the people shall be entitled to due protection, by law, of their life and property. They shall enjoy freedom of speech, of assembly, and formation of associations, of correspondence, of occupation, of conscience. No restrictions shall be imposed upon such rights except in accordance with the law.

(3) Political Tutelage Program.

(4) People's Livelihood: Based upon the principle of livelihood as taught by Dr. Sun, in his San Min Chu I.

(5) Division of Powers between the Central and the Local Governments: Based upon Dr. Sun's "Plan for National Reconstruction"....the division of power shall follow natural lines. Those affairs that are uniform for the whole nation shall be under the jurisdiction of the Central Government, and those that are particular to a locality should come under the jurisdiction of the local government. The division shall neither over-emphasize centralization nor decentralization.

(6) The Organization of the National Government: Provides that various laws at present in force relating to the National Government, the provincial, municipal and district governments, shall remain in force. The five-yuan system to be retained in the organization of the Central Government.

(7) Appendix.

So far as is known there is no provision in the proposed constitution for a provisional president. Generalissimo Chiang in a public address stated that there is no need for such an office and that the question should not be brought up at the conference. But it would not be surprising if some such proposal were made and carried out by the "delegates".

The General Office in charge of the Elections of Delegates has decided that both men and women are eligible for election and that the delegates must be given free passes going to and returning from the assembly. They also decided that the Central Government shall reimburse the provincial governments for election expenses in every hsien.

It is expected that the first act of the convention will be to receive a report from the Government on its administrative work during the past three years. Such report is said to be now in the process of preparation and should prove a most interesting document. The greater part of the business to be laid before the meeting will likely be decided upon before hand. Nevertheless such resolutions will probably deal with what their framers consider essential to the future welfare of the country, and can likely be accepted as a program for the next few years.

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G-2 Report

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3000-Government-General
Fundamental Politi-
can Principles

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CHINA (Political)

Subject: The Provisional Constitution.

RECEIVED G/2 W. D. JUN 23 1931

The National People's Conference, sitting at Nanking, China, May 5, 1931, adopted on May 12, a Provisional Constitution for enforcement during the Political Tutelage Period. This document, intended as it is as a covenant between the people, the party,and the government, is simple in nature. In principle it merely provides for the safeguarding of the rights of the people and specifies the form of government. The sovereignty of the country is invested in the people as a whole, but until a majority of the provinces have reached the period of constitutionalism——that is, when district (hsien) autonomy has been completely instituted throughout the province——the Kuomintang Party, through the National Government, is to continue to exercise all the governing powers of the Republic. By no stretch of the imagination can it be said that the Provisional Constitution puts any actual power into the hands of the people. The importance of this document lies in its indorsement of the present form of government and its provisions for an indefinite period of Political Tutelage.

It would be unreasonable to have expected the present oligarchy at Nanking to have sanctioned a provisional constitution much different than the one adopted. The political crisis precipitated by the People's Conference portends far reaching reverberations. This Conference was suggested by Generalissimo Chiang Kai-shek and carried through by his insistence. It was said that he aspired to the office of President of China. The Provisional Constitution makes no provision for such a title but it does create the office of Chairman of the National Government and delegates to such office all the powers that could be expected to be invested in a President. Thus Chiang's position is regularized as a President even though termed Chairman. Subsequent events may prove his victory a hollow one. His dictatorship maxim of "no opposition party and no opposition within the party" is now being seriously challenged. Prominent party officials have deserted him and open rebellion in the South has arisen. The decisions of his People's Conference may soon be renounced and the Provisional Constitution repudiated.

Assuming that there is no material change in the policy of Nanking, the Constitution as a whole can not be carried out for some time. The tutelage program, economic development, and educational goal, constitute a heavy burden, - a burden sufficient to tax the energy and ability of a most highly organized state.

It is hard to believe that any immediate benefits can result from the adoption of the Provisional Constitution. In its final analysis it appears that this document simply regularizes the present form and policy of the Party government and creates an instrument which might have practical value when conditions are favorable to terminating the period of tutelage.

June 1, 1931 has been set as the date of promulgation of the Provisional Constitution.

A full translation of the text as supplied by the Kuo Min News Agency is as follows:

From M/A, China Report No. 8020 May 20, 1931

CHINA (Political)

Subject: The Provisional Constitution.

The Provisional Constitution Adopted By The National People's Convention, May 12, 1931.

Preamble.

The National Government, in order to reconstruct the Republic of China on the basis of the Three Principles of the People and the Constitution of Five Powers, which forms the underlying principle of the Revolution, having now brought the Revolution from the Military to the Political Tutelage Period, deems it necessary to promulgate a Yueh Fa (Provisional Constitution) for general observance, so that the realization of Constitutional Government may be accelerated and political power restored to a popularly-elected government; and further, in pursuance of the Last Will of our late Leader, has called at the National Capital the National People's Convention.

The said National People's Convention do hereby enact and ordain the following Provisional Constitution for enforcement during the Political Tutelage Period:

Chapter 1. -- General Principles.

Article 1. -- The Territory of the Republic of China consists of the various provinces and Mongolia and Tibet.

Article 2. - The Sovereignty of the Republic of China is vested in the people as a whole.

All persons who, according to law, enjoy the Nationality of the Republic of China shall be citizens of the Republic of China.

Article 3. - The Republic of China shall be a unified republic forever.

Article 4. - The National Flag of the Republic of China shall have a red background with a "blue sky and white sun" in the upper left corner.

Article 5. - Nanking shall be the National Capital of the Republic of China.

Chapter 2. -- Rights and Duties of the People.

Article 6. - All citizens of the Republic of China shall be equal before the law, irrespective of sex, race, religion or caste.

Article 7. - Citizens of the Republic of China shall, according to the stipulation in Article 8 of the "Outline of National Reconstruction," enjoy in all completely autonomous districts (Hsien) the rights of Election, Initiative, Recall and Referendum as provided by Article 9 of the "Outline of National Reconstruction."

Article 8. - Except in accordance with law, no person shall be arrested, detained, tried or punished.

When a person is arrested or detained on a criminal charge, the organ responsible for his (or her) arrest or detention shall send him (or her) to the competent Court for trial not later than 24 hours. The party

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concerned may himself petition, or some other person may petition on his behalf that he be brought (before the Court) for trial within 24 hours.

Article 9. - Except in accordance with law, no person other than those in active military service, shall be subject to trial by a military court.

Article 10. - Except in accordance with law, no private houses of the people shall be subject to forcible entry, search or sealing.

Article 11. - All persons shall have the liberty of conscience.

Article 12. - All persons shall be free to choose and change their residence: such freedom shall not be denied or restricted except in accordance with law.

Article 13. - All persons shall have the right to the privacy of correspondence and telegraphic communications: such right shall not be denied or restricted except in accordance with law.

Article 14. - All persons shall have the freedom of assembly and formation of associations: such freedom shall not be denied or restricted except in accordance with law.

Article 15. - All persons shall have the liberty of speech and publication: such liberty shall not be denied or restricted except in accordance with law.

Article 16. - Except in accordance with law, no private property shall be sealed or confiscated.

Article 17. - The exercise of the right of ownership by any private owner of property, in so far as it does not conflict with the public interest, shall be protected by law.

Article 18. - Where public interest necessitates, the property of the people may be expropriated in accordance with law.

Article 19. - All persons shall have the right to inherit property in accordance with law.

Article 20. - All persons shall have the right of petition (to the Government).

Article 21. - All persons shall have the right to institute judicial proceedings at the Courts of Justice, in accordance with law.

Article 22. - All persons shall have the right to submit petitions, and institute administrative proceedings (at the Administrative Court) in accordance with law (for the redress of wrongs done by Government Administrative Organs).

Article 23. - All persons shall have the right to compete in Civil Service Examinations in accordance with law.

Article 24. - All persons may, according to law, hold public posts.

CHINA (Political)

Subject: The Provisional Constitution.

Article 25. - All persons shall have the duty of paying taxes in accordance with law.

Article 26. - All persons shall have the duty of undertaking military service and of performing compulsory labour (for the State) in accordance with law.

Article 27. - All persons shall have the duty to obey the measures taken by Government Organs in the performance of their duties according to law.

Chapter 3. -- Essentials of Political Tutelage.

Article 28. - The political policies and programs during the Period of Political Tutelage shall be in accordance with the "Outline of National Reconstruction."

Article 29. - The system of District Autonomy shall be enforced in accordance with the provisions of the "Outline of National Reconstruction" and the "Law Governing the Institution of District Autonomy".

Article 30. - During the Period of Political Tutelage, the National Congress of Kuomintang delegates shall exercise the governing powers on behalf of the National People's Congress. During the recess of the National Congress of Kuomintang delegates, the Central Executive Committee of the Kuomintang shall exercise the said powers.

Article 31. - The National Government shall train and guide (the citizens) in the exercise of the four political rights of election, initiative, recall and referendum.

Article 32. - The National Government shall exercise the five governing powers, namely, executive, legislative, judicial, examination and supervisory.

Chapter 4. -- People's Livelihood.

Article 33. - In order to develop the people's economic welfare, the State shall afford every encouragement and protection to the productive enterprises of the people.

Article 34. - In order to develop rural economy, to improve the living conditions of farmers as well as to promote the well-being of peasants, the State shall take active steps for the carrying out of the following measures:

1. Reclamation of all waste land in the country and development of farm irrigation;
2. Establishment of agricultural banks and encouragement of co-operative enterprises in the rural communities;
3. Enforcement of the (Public) Granary System for the prevention of famine and other calamities and replenishment of the people's food supplies;

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Subject: The Provisional Constitution.

4. Development of agricultural education with special emphasis on scientific experiments, extensive development of agricultural enterprises, and increase of agricultural produce.

5. Encouragement of road-building in the rural villages to facilitate the transportation of agricultural products.

Article 35. - The State shall open and develop oil, coal, gold and iron mines; and shall also encourage and protect private mining enterprises.

Article 36. - The State shall undertake and inaugurate State shipping enterprises; and shall also encourage and protect private shipping enterprises.

Article 37. - All persons shall be free to choose their profession or occupation. But when it is contrary to the public interest, the State may, by law, restrict or deny such freedom.

Article 38. - All persons shall be free to make contracts; such freedom, in so far as it is not in conflict with the public interest or with good morals, shall be protected by law.

Article 39. - In order to better their economic well-being as well as to promote closer co-operation between Capital and Labour, the people may form occupational organizations in accordance with law.

Article 40. - Both Capital and Labour shall develop productive enterprises in accordance with the principle of co-operation and mutual benefit.

Article 41. - In order to improve the living conditions of Labour, the State shall put into effect various laws for the protection of Labour and shall afford special protection to child and woman workers in respect of their age and health.

Article 42. - In order to safeguard as well as relieve peasants and workers who shall be unable to work on account of accidents, sickness, disability or old age, the State shall put into effect a Labour Insurance System.

Article 43. - In order to promote the economic interests of the people, the State shall encourage and promote various co-operative enterprises.

Article 44. - The State may control or regulate the production or sale as well as the market price of daily necessaries of the people.

Article 45. - Laws shall be enacted for the prohibition of usury, and exorbitant rents for the use of immovable properties.

Article 46. - The State shall give appropriate relief to those members of the national forces who are disabled in the course of active service.

Chapter 5. -- Education of the Citizens.

Article 47. - The Three Principles of the People shall be the basic principles of education in the Republic of China.

CHINA (Political)

Subject: The Provisional Constitution.

Article 48. - Both sexes shall have equal opportunity for education.

Article 49. - All public and private educational institutions in the country shall be subject to the supervision of the State, and shall also be responsible for the carrying out of the educational policies adopted by the State.

Article 50. - All children of school age shall receive free education. Details shall be separately provided by law.

Article 51. - Those who have not had free education (in their youth) shall receive special adult education. Details shall be separately provided by law.

Article 52. - The Central and Local Governments shall provide adequate funds for necessary educational expenses, and shall also safeguard the security of funds which are, by law, specially set apart (for educational purposes).

Article 53. - The State shall give encouragement or grants to private educational institutions which have achieved particularly satisfactory results.

Article 54. - Encouragement and grants shall be given for the education of overseas Chinese.

Article 55. - The State shall encourage and safeguard members of the administrative or teaching staffs of schools who hold satisfactory records and have been long in service.

Article 56. - All public and private educational institutions in the country shall establish scholarships and prizes for the encouragement of deserving but needy students.

Article 57. - The State shall encourage and protect research and discoveries in science or the arts.

Article 58. - The State shall protect and preserve historic remains and ancient relics which have historical, cultural or artistic value.

Chapter 6. -- Division of Power Between the Central and Local Governments.

Article 59. - The principle of equilibrium shall be adopted in the division of power between the Central and Local Governments, as stipulated in Article 17 of the "Outline of National Reconstruction".

Article 60. - The various Local Governments may, within their respective spheres of authority, enact and ordain local laws and regulations. Where such laws and regulations are in conflict with those promulgated by the Central Government, they shall be null and void.

Article 61. - The demarcation of Central and Local Revenues shall be separately determined by law.

CHINA (Political)

Subject: The Provisional Constitution.

Article 62. - The Central Government may restrict, by law, any local tax when

1. It is contrary to public interest,
2. It encroaches upon the source of Central revenue,
3. It constitutes overlapping taxation,
4. It is detrimental to communications,
5. It is unjustifiably imposed upon goods imported from other localities for the sole benefit of the locality concerned,
6. It is in the nature of a transit duty on commodities in circulation among various localities.

Article 63. - The power of granting patents and monopolies is vested in the Central Government.

Article 64. - When one of the provinces reaches the period of Constitutionalism, the division of power between the Central and Local Governments shall be defined in detail by law in accordance with the "Outline of National Reconstruction".

Chapter 7. -- Organization of the Governments.

Section 1. -- The Central Government.

Article 65. - The National Government shall exercise all the governing powers of the Republic of China.

Article 66. - The National Government shall have supreme command over the land, naval and air forces.

Article 67. - The National Government shall have the power to declare war, to negotiate peace and to conclude treaties.

Article 68. - The National Government shall exercise the power of granting amnesties, pardons, reprieves, and restitution of civil rights.

Article 69. - The National Government shall exercise the power of conferring medals and decorations of honor.

Article 70. - The National Government shall compile and publish a budget and financial statement of the national revenues and expenditures for each fiscal year.

Article 71. - The National Government shall be composed of the following five Yuan: the Executive Yuan, the Legislative Yuan, the Judicial Yuan, the Examination Yuan and the Control Yuan; as well as various Ministries and Commissions.

Article 72. - The National Government shall have a Chairman and an appropriate number of State Councillors, who shall be selected and appointed by the Central Executive Committee of the Kuomintang. The number of State Councillors shall be separately determined by law.

Article 73. - The Chairman of the National Government shall represent the National Government both internally and internationally.

CHINA (Political)

Subject: The Provisional Constitution.

Article 74. - The Presidents of the five Yuan and the heads of the various Ministries and Commissions shall be appointed or dismissed in accordance with law by the National Government at the instance of the Chairman of the National Government.

Article 75. - All laws shall be promulgated and Mandates issued upon the signature of the Chairman of the National Government according to law.

Article 76. - The various Yuan, Ministries, or Commissions may, according to law, issue orders.

Article 77. - The organization of the National Government and of the various Yuan, Ministries and Commissions shall be separately determined by law.

Section 2. -- The Local Governments

Article 78. - In each province, a Provincial Government shall be established, which shall attend to the administration of provincial affairs under the direction of the National Government. Its organization shall be separately determined by law.

Article 79. - When, as stipulated in Article 16 of the "Outline of National Reconstruction", a province reaches the period of Constitutionalism, the (Provincial) Assembly of People's Delegates may elect a Provincial Governor.

Article 80. - The system of local Government in Mongolia and Tibet shall be determined separately by law in the light of the local conditions.

Article 81. - In each District (Hsien), a District Government shall be established, which shall attend to the administration of district affairs under the direction of the Provincial Government. Its organization shall be separately determined by law.

Article 82. - In each of the districts, a District Autonomy Preparatory Committee shall be organized to carry out the preparations as provided for in Article 8 of the "Outline of National Reconstruction". Its organization shall be separately determined by law.

Article 83. - Municipalities may be established in localities, where industry and commerce, population or other special conditions warrant. The organization of such Municipalities shall be separately determined by law.

Chapter 8. -- Annex.

Article 84. - All laws which are in conflict with this Yueh Fa (Provisional Constitution) shall be null and void.

Article 85. - The power of interpreting this Yueh Fa shall be exercised by the Central Executive Committee of the Kuomintang of China.

CHINA (Political)

Subject: The Provisional Constitution.

Article 86. - A draft of the (Permanent) Constitution (Hsien-Fa) shall be prepared by the Legislative Yuan on the basis of the "Outline of National Reconstruction" as well as the achievements during the Political Tutelage and Constitutional Periods. The said draft shall be duly made known to the people at large in preparation for its adoption and enforcement at the opportune moment.

Article 87. - When a majority of the provinces in the country reach the period of Constitutionalism——that is, when District Autonomy has been completely instituted throughout each of such provinces——then the National Government shall immediately summon a National People's Congress to decide upon the adoption and promulgation of the Hsien Fa (Permanent Constitution).

Article 88. - The present Yueh Fa (Provisional Constitution) shall be enacted by the National People's Convention and forwarded to the National Government for promulgation.

Article 89. - The present Yueh Fa shall come into force from the date of promulgation.

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G-2 Report

3000-Government General
MIL. INTEL. DIV.
JUN 25 1931
2657-D-403
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WAR DEPARTMENT

CHINA (Political)

Subject: The National People's Convention
(May 5-17, 1931)
2657-D-403/1
(See Reports Nos. 7929, 7959, 7997) (2) (3)

RECEIVED G/2 W. D. JUN 23 1931

One of the important resolutions adopted by the Fourth Plenary Session of the Kuomintang Central Executive and Supervisory Committees, which sat at Nanking November 12-18, 1930, was the decision to call a National People's Convention at the capital on May 5, 1931. Such a convention had been proposed before during the first and eighth years of the Republic and more recently by the adherents of the "Enlarged Plenary Session" of July-September, 1930, in their attempt to set up a government at Peiping.

In 1924, when Sun Yat-sen journeyed North to discuss with Tuan Chi-jui and Feng Yu-hsiang the rehabilitation of the country, he advocated that a people's conference should be convened in order to unite and reconstruct China. Death intervened however and this was not realized, but before passing on, Dr. Sun made certain plans and laid down various measures for discussion in connection with the calling of a conference. The importance which he attached to this is evidenced by the fact that in his will he strongly advocated "the early convocation of a National People's Convention.... with the least possible delay".

In the absence of any semblance of national unity subsequent to Dr. Sun's death opportunity was not presented for a representative gathering of the people. But in time the increasing stability of Chiang Kai-shek's regime was attacked by his opponents on the grounds that the country being unified the wishes of its late leader were being ignored by the failure of the authorities to convoke a national assembly. This was a strong plank in the platform of the short-lived government of September 1930 at Peiping. Coincident, more or less, with the collapse of this government was Chiang Kai-shek's recommendation that such a conference should be called. Defeated leaders of the Northern Rebellion acclaimed this announcement as a victory and used it as a face saving device for their cessation of hostilities. Opponents of Chiang accused him of trying to placate the disaffected political coalition of the North. This appeared true and may have been so at the time, but later developments indicate that the strongest factor of Chiang's decision to call this conference was most likely a personal desire to secure and increase his dictatorship. To this end, the regulations governing the election of delegates were such as to preclude the election of anyone unacceptable to Nanking.

Chiang announced that one of the important measures for the conference to discuss was the adoption of a provisional constitution for the period of Political Tutelage. It was generally understood that such a constitution would provide for a provisional President and that Chiang aspired to the office. This was openly opposed by Mr. Hu Han-min and Mr. Wang Chung-hui, then Chairmen of the Legislative and Judicial Yuans respectively. That there was strong opposition to Chiang within the Party is well known, but up until that time it had not openly evidenced itself. The opposition undertook to "interpret" the purpose of the contemplated conference. Their "interpretations" were of course exactly the obverse of Chiang's announced plans and it was obvious that the People's Convention was being made use of to give vent to political and personal differences. The seriousness of this Party discord may be judged by subsequent events.

From M/A, China Report No. 8024 May 23, 1931

CHINA (Political)

Subject: The National People's Convention.

The Generalissimo forced (by arrest) the resignation of Mr. Hu Han-min and though ostensibly free placed him under a strict surveillance. This treatment of Hu made it plain that Chiang did not intend to countenance open opposition.

Delegates to the convention were fixed at five hundred and twenty. They were to be elected by -

(1) Peasants' Unions
(2) Labor Unions
(3) Chambers of Commerce
(4) Educational Associations
(5) The Kuomintang of China

The regulations prescribing the eligibility and election of delegates were such as to insure a packed convention. With but a few exceptions it is doubtful if a single delegate was elected who had not been previously selected. Party directors sent out from Nanking saw to it that only the men desired were successful at the polls. In many instances intimidation defeated the possible election of a real representative of the people. No enthusiasm could be worked up over the elections and as the conference date drew near many expected that it would have to be postponed. Chiang however insisted that it would not; he had gone so far that a postponement would have played into his opponents' hands. Despite all their efforts to thwart him the opposition was faced with certain defeat, and as a last resort, on the eve of the conference, they rose in open revolt. The Canton coup on April 28, as was intended, greatly affected the importance of the convention at Nanking. With the coup, Sun Fo, Minister of Railways and son of the deceased founder of the Party, deserted Chiang, as did Mr. Wang Chung-hui and other men of no mean influence in the Kuomintang. Nevertheless the elections were declared completed and the conference opened on scheduled time. The opportune arrival of Marshal Chang Hsueh-liang, the young warlord of Manchuria, at the capital did much to minimize the seriousness of the last minute threat of the opposition. The Panchan Lama's presence at the meeting also helped to bolster it up.

The government reported some four hundred and seventy-five delegates attending, although reliable foreign observers note just about half that number. But no matter how many elected delegates did attend, the conference can lay no claim to being a People's Convention. Time should disclose it as having been packed with more fraud than the Third National Party Congress of 1929.

The inferred purpose of the People's Convention was to give the Kuomintang and the people an opportunity to arrive at a plan for the realization of the so-called Three Principles of the People, the Principles of Reconstruction, and the program of Political Tutelage. In a word, it was the aim of such a conference to adopt measures tending to unify and reconstruct China. That this purpose and aim were understood by Chiang can hardly be denied. Measures and proposals to effect it were carefully prepared in advance so that there was little actual planning done by the delegates. The Generalissimo's action in the case of Hu Han-min left no doubt as to the outcome of such proposals and plans laid before the assembly; with minor, unimportant changes they were passed unanimously.

CHINA (Political)

Subject: The National People's Convention

The convention was formally opened on May 5. A ceremony was first held at Purple Mountain where the delegates sang the Kuomintang song and paid silent tribute to Dr. Sun. After the reading of Sun Yat-sen's will (by Chiang) the delegates then took their oaths. At the first meeting in conference, Generalissimo Chiang Kai-shek was given a great ovation and he presented a lengthy report on the National Government's activities. He reviewed world affairs, and laid stress on the Soviet Government and the success of their Five-Year Plan. A presidium, including one woman, was elected and the National Government appointed Marshal Chang Hsueh-liang and Mr. Yu Yu-jen (Chairman of the Control Yuan) as members of it. The post of Chairman of the convention was offered to and accepted by the young Marshal. Various committees were appointed to handle specific affairs referred to them.

The more important events of the conference are set forth below. Such of them as merit special consideration will be made subjects of special reports (see Report No. 8020, May 20, 1931, "The Provisional Constitution").

(1) A resolution was adopted "that the National Convention declare of its own accord, the abolition of all unequal treaties....".

(2) A provisional constitution (Yueh Fa) was adopted. While it did not provide for a President it did create the office of Chairman of the National Government and delegated to this office such powers as could have been expected of a Presidency. (See Report No. 8020.) In discussing this document at the conference, Chiang Kai-shek undertook to explain the relationship between the Party and the Government. He stated that during the Political Tutelage Period, the Kuomintang is to exercise supreme and sovereign power on behalf of the people; that during such period it was therefore the highest authority in the land. He went on to say that the Kuomintang has under it the Central Political Council, occupying a position similar to that of the Legislature of a republican form of government. Chiang mentioned that it was a popular misconception that the Legislative Yuan was the highest legislative organ in the country, as all laws and regulations, to be valid, must be passed by it. This he says is a false idea for, as he explained, before any piece of legislation can be undertaken by the Yuan, the "general principle" of it must first be approved by the Central Political Council. He pointed out that every matter of national importance must also first be discussed and decided upon by this council before the government could act on it. Thus, according to the Generalissimo, it was clear that the Central Political Council of the Central Executive Committee of the Kuomintang, and not the Legislative Yuan, is the highest legislative, directive and controlling organ in the Party system of government.

The Provisional Constitution (Yueh Fa) was adopted as a means for consolidating national unity and achieving national reconstruction. This to be attained by the government and the people conforming to provisions of the Yueh Fa during the Political Tutelage Period. It is a simple document but aspires to what appears as an unattainable Utopia. Its immediate benefits may be challenged with cause and its ultimate benefits are for time to disclose. At the best, the most that one seems justified in saying for the Provisional Constitution is that it puts on record an agreement between the Kuomintang and the "people" whereby both undertake certain obligations

CHINA (Political)

Subject: The National People's Convention.

which if fulfilled will accelerate the inauguration of the Period of Constitutionalism. June 1, 1931 was selected as the date for promulgation.

(3) The convention accepted on behalf of the "people" the entire body of the bequeathed teachings of Dr. Sun. They now become not only the political creed of the Kuomintang but also that of the nation as a whole.

(4) The convention adopted a virtual vote of appreciation of the efforts of the National Government, during the last few years, for the suppression of internal disturbances and the carrying out of "national reconstruction".

(5) The convention adopted "The Program of Industrial Reconstruction". Here they stressed development of agriculture and means of communications. Probably inspired by the Russian success with their Five-Year Plan, the convention prescribes certain minimum requirements to be attained within a period of six years.

(6) National Education and the livelihood of the people were stressed.

(7) The "granting" of autonomy to Outer Mongolia was discussed.

(8) The convention called on the Kwangtung "comrades" to support national peace.

(9) Generalissimo Chiang Kai-shek outlined the future policy of the government as follows:

a. It will make every effort to strengthen the unity of the country with a strict enforcement of law so as to preserve order and make reconstruction possible.

b. It would endeavor to carry out during the Tutelage Period all the policies set forth in the declaration of the First National Congress of the Party.

c. It would give particular attention to the problem of the people's livelihood.

d. Mass education would be encouraged.

e. Order in the country must be preserved. The people must co-operate with the government in suppressing bandits and communists.

f. Local district autonomy would be encouraged.

A grand military review was part of the concluding ceremonies of the National People's Convention. Chiang knows full well the value of a display of force and probably intended to benefit by it.

G-2 Report 3000-Government-General

CHINA (Political)

Subject: The National People's Convention.

The convention has revealed a complex political situation within the Kuomintang which has little promise of an amicable settlement. The political demise of more than one Party satellite appears inevitable. To Chiang Kai-shek goes the credit for having fulfilled a cherished desire of the founder of the Chinese revolution. But Chiang has paid dearly and it may prove to be the mill-stone of his meteoric career. Yet it can also be said to have strengthened his position. The plans which Dr. Sun drew up for such a conference were here generally followed. To attack Chiang's conference would mean attacking the instructions of the Party founder—political heresy.

The decisions of the assembly now exist as a source of legalized authority to the present Party incumbents, but in event of a new faction replacing them it is highly probable that the National People's Convention of May 5, 1931 will be disavowed and its decisions repudiated.

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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G-2 Report

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV 3000
AUG 24 1931
2657-D-403
WAR DEPARTMENT

CHINA (Political)

Subject: The Organic Law of the National Government

(Reference E.R. dated June 1, 1931,
on Report No. 7997)

RECEIVED G/2 W. D. AUG 24 1931
2657-D-403/3

The Provisional Constitution evidently does not displace the Organic Law; however, Chapter I. of the Constitution adopted by the National People's Convention on May 12, 1931, prescribed the form of organization of the Central and Local Governments. The plan of organization of the National Government differed so much from the Organic Law of the National Government promulgated on October 4, 1928, as revised by the 4th Plenary Session of the Central Executive Committee on November 17, 1930, that a further revision became necessary. Consequently at a meeting of the 5th Plenary Session of the Third Central Executive Committee of the Kuomintang a resolution was passed which made this revision effective.

The following is quoted from a report of the American Consulate General in Nanking, dated June 24, 1931:

"A comparison of the texts of the Organic Law before and after the last revision reveals the following salient changes:

"The Preamble, with its reference to the Kuomintang as the active agent in organizing the National Government, is omitted and Chapter I, an addition to the old text, describes the new Organic Law as having been enacted by the National Government itself, in accordance with Article 77 of the Provisional Constitution.

"Article 7 gives to the National Government authority to 'grant honors'. It is interesting to note that on June 19 the New National Government Council passed a resolution to confer an honorific title on the Panchen Lama of Tibet. It may be recalled that in 1908 the Manchu Court conferred an honorific title on the Dalai Lama. The National Government has in times past conferred the "Pao Ting" decoration, but apparently, until now, without any legal authority for so doing.

"Articles 6, 7 and 11 of the old Organic Law, referring to the National Government Council, appear as Article 10 of the new Law. Under the former system all the members of the Government Council were appointed by the Central Executive Committee of the Party, and numbered not more than sixteen, and the Presidents and Vice Presidents of the five Yuan were appointed from among the Councillors. Under the new Law the situation in respect of these officers is reversed, for the Presidents and Vice Presidents become automatically members of the National Government Council. The importance of the change lies in Article 16 of the new Law, which provides that the Presidents and Vice Presidents of the Yuan shall be appointed by the National Government at the instance of the President, who is thus in a position to add ten of his own appointees to the National Government Council, the highest government organ. The membership of the Council must now be not less than 27 nor more than 33, whereas formerly the limits were 13 to 17.

"The National Government is made directly responsible for the preparation and publication of the national budgets and fiscal statements (Article 9).

G-2 Report

CHINA (Political)

Subject: The Organic Law of the National Government

"In view of the suspicion that General Chiang Kai-shek, now President of the National Government, has aspirations to become President of the Republic (see despatch No. 4-28-May 21, 1931 'The National People's Convention'), it is interesting to note that in the new Organic Law a separate chapter is devoted to 'The President of the National Government'. The duties of this office were defined, in the former Organic Law, as a mere incidental under the heading 'The National Government'. The power of the President of the National Government has been substantially increased, by providing that he shall represent the National Government in domestic and foreign affairs, that he shall sign and execute all the laws and mandates of the National Government, and that he must take the initiative in appointing and removing all the highest administrative officers of the Government. The last power, already mentioned as being set forth in Article 16 of the new draft, has caused more discussion than any other item in the instrument. In commenting on the Provisional Constitution and the activities of the National People's Convention in the despatch above mentioned this office drew attention to the dominance of the Kuomintang Party; while this dominance is undoubted in theory, a general impression has been created that Article 16 of the new Organic Law in extending the appointive power of the President of the National Government has to a large extent freed him from control of the Party. To control the President, the Party must threaten to remove him from office. As it happens, the President of the National Government is also, at the moment, the Chairman of the Central Executive Committee of the Party and through his close adherents is in effective control of the Central Party Headquarters. Thus the question of conflict between Party and Government does not at present arise, except in the form of the rebel government set up mainly by Party irreconcilables at Canton.

"The Organic Law was adopted by the Central Executive Committee on June 14 and was immediately sent to the Legislative Yuan for its formal approval, as was required both by the process of legislative enactment of the Government and by the resolution of the Committee. It was reported in Nanking that the Committees of the Legislative Yuan was unable to come to any unanimous agreement in regard to the Law. Some of the members were in favor of passing it, while others vehemently maintained that it was in contradiction to the Provisional Constitution. The point of contradiction presumably was with Article 72 of the Provisional Constitution, which provides that all the members of the National Government Council shall be appointed by the Central Executive Committee of the Kuomintang, whereas, as already pointed out, the Organic Law now provides that at least ten of the members shall comprise the Presidents and Vice Presidents of the five Yuan, acting ex officio, who are appointed to their posts by the National Government, at the instance of the President of the Government. The report which reached this office was to the effect that the session of the Legislative Yuan broke up in disorder, without arriving at a decision. The Law was, nevertheless, promulgated on the following morning, June 15, 1931."

N E Margetts

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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NO OBJECTION TO
UNLIMITED CIRCULATION
OFFICE CHIEF OF STAFF
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G-2 Report

4-1
MAY 9
2657-D-403
8
WAR DEPARTMENT

CHINA (Political)

Subject: Revised Organic Law of the National Government

RECEIVED G/2 W. D. MAY 9 1932

There follows a translation (from National Government Gazette No. 964 of December 31, 1931) of the full text of the Organic Law of the National Government of the Republic of China revised and passed by the First Plenary Session of the Central Executive and Supervisory Committees on December 26, 1931:

CHAPTER I.

General Provisions

Article 1. The National Government, in accordance with the provisions of Article 77 of the Provisional Constitution for the Period of Political Tutelage of the Republic of China, hereby enacts the Organic Law of the National Government of the Republic of China.

CHAPTER II.

The National Government

Article 2. The National Government shall exercise all the governing powers of the Republic of China.

Article 3. The National Government shall have the supreme command of the land, naval, and air forces.

Article 4. The National Government shall have the power to declare war, to negotiate peace, and to conclude treaties.

Article 5. The National Government shall promulgate laws and issue mandates.

Article 6. The National Government shall exercise the power of granting amnesties, pardons, reprieves, and restitution of civic rights.

Article 7. The National Government shall bestow honors.

Article 8. The National Government shall consist of the following five Yuan which shall independently exercise the five governing powers, namely, executive, legislative, judicial, examination, and control:

(1) TheExecutive Yuan
(2) The Legislative Yuan
(3) The Judicial Yuan
(4) The Examination Yuan
(5) The Control Yuan

Each of the above-mentioned Yuan may, according to law, issue orders.

CHINA (Political)

Subject: Revised Organic Law of the National Government

Article 9. In case of necessity, the National Government may create any organization it desires to be under its immediate control, but such organization shall be formed according to law.

Article 10. The National Government shall be composed of one Chairman and from 24 to 36 members. Each Yüan shall consist of one Director and one Assistant Director. They shall be elected and appointed by the Central Executive Committee of the Kuomintang of China.

Article 11. The Chairman of the National Government shall be the head of the Republic of China and represent the National Government internally and externally, but does not assume actual political responsibility.

Article 12. The Chairman of the National Government shall not hold any concurrent official post.

Article 13. The tenure of office of the Chairman of the National Government shall be two years, but he may be re-elected consecutively once. However, when the constitution is promulgated, the Chairman shall be elected according to law.

Article 14. All mandates, orders of disposition, and orders concerning military mobilization issued by the National Government shall be signed by the Chairman of the National Government, but shall not become effective until they have been countersigned by the Directors of the Yüans and Ministers concerned.

Article 15. Prior to the promulgation of the Constitution, the Executive Yüan, the Legislative Yüan, the Judicial Yüan, the Control Yüan, and the Examination Yüan shall individually be responsible to the Central Executive Committee of the Kuomintang of China.

CHAPTER III.

State Council of the National Government

Article 16. The State Council of the National Government shall be composed of the Chairman and members of the National Government.

Article 17. Any matter which cannot be settled between one Yuan and another shall be discussed and decided upon by the State Council of the National Government.

Article 18. The Rules of Debate of the State Council of the National Government shall be separately fixed.

CHINA (Political)

Subject: Revised Organic Law of the National Government

CHAPTER IV.

The Executive Yuan

Article 19. The Executive Yuan shall be the highest executive organ of the National Government.

Article 20. The Executive Yuan shall establish Ministries to which shall be entrusted the various executive duties. The Executive Yuan may appoint Commissions to take charge of specified executive matters.

Article 21. The Ministries of the Executive Yuan shall each have a Minister, a Political Vice-Minister, and an Administrative Vice-Minister, and the various Commissions shall each have a Chairman, a Vice-Chairman, and several members. The Ministers and Chairmen of Commissions of the Executive Yuan shall be appointed or relieved according to law by the Chairman of the National Government at the instance of the Director of the Executive Yuan. The Political Vice-Ministers, Administrative Vice-Ministers, Vice-Chairmen and members of Commissions shall be appointed or relieved according to law by the Chairman of the National Government at the instance of the Director of the Executive Yuan.

Article 22. In case the Director of the Executive Yuan is unable to discharge his duties from any cause whatsoever, the Assistant Director shall act in his place.

Article 23. Meetings of the Executive Yuan shall be attended by the Director, the Assistant Director, the Ministers of the various Ministries, and the Chairmen of the various Commissions, and presided over by the Director of the said Yuan.

Article 24. The following matters shall be decided at the meetings of the Executive Yuan:

(1) Bills on legislative matters to be introduced in the Legislative Yuan.
(2) Budgets to be submitted to the Legislative Yuan.
(3) Amnesties to be submitted to the Legislative Yuan.
(4) Declaration of war and negotiation of peace to be submitted to the Legislative Yuan.
(5) The appointment or dismissal of administrative or judicial officials of or above the rank of Chien-Jen (third class).
(6) All matters which cannot be settled between the various Ministries and Commissions of the Executive Yuan.
(7) All matters which, according to law or in the opinion of the Director of the Yuan, should be decided at the meetings of the said Yuan.

Article 25. All orders, dispositions, and any matters concerning the general administration of the Executive Yuan must be countersigned by all Ministers. Those concerning sectional administration must be countersigned by the interested Ministers before they can become effective.

CHINA (Political)

Subject: Revised Organic Law of the National Government

Article 26. The organization of the Executive Yuan shall be determined by law.

CHAPTER V.

The Legislative Yuan

Article 27. The Legislative Yuan shall be the highest legislative organ of the National Government.

The Legislative Yuan shall have the power to decide upon the following: legislation, budgets, amnesties, declaration of war, negotiation for peace, and other important international affairs.

Article 28. In case the Director is unable to discharge his duties from any cause whatsoever, the Assistant Director shall act in his place.

Article 29. Directors of Yuans and Ministers or Chairmen of Commissions of the Executive Yuan may attend meetings of the Legislative Yuan to make explanations.

Article 30. The Legislative Yuan shall be composed of from 50 to 100 members, who shall be appointed according to law by the Chairman of the National Government at the instance of the Director of the Legislative Yuan.

Half of the above-mentioned members shall be elected by legally constituted popular organs. The electoral law shall be separately fixed.

Article 31. The term of office of the members of the Legislative Yuan shall be two years, but they may be appointed consecutively.

Article 32. No member of the Legislative Yuan may hold any concurrent official post.

Article 33. The Director of the Legislative Yuan shall preside at all meetings of the Legislative Yuan.

Article 34. The organization of the Legislative Yuan shall be determined by law.

CHAPTER VI.

The Judicial Yuan

Article 35. The Judicial Yuan shall be the highest judicial organ of the National Government. The granting of pardons and reprieves and the restitution of civil rights shall be submitted by the Director of the Judicial Yuan according to law to the Chairman of the National Government for signature and action.

Article 36. The Judicial Yuan shall create the Supreme Court, Administrative Court, and Commission for Disciplinary Punishment of Officials.

CHINA (Political)

Subject: Revised Organic Law of the National Government.

Article 37. The Director of the Judicial Yuan shall be concurrent President of the Supreme Court. The Assistant Director of the Judicial Yuan shall be concurrent Chairman of the Commission for the Disciplinary Punishment of Officials.

Article 38. The Director of the Judicial Yuan may attend the Administrative Court or the Commission for the Disciplinary Punishment of Officials to hold trials, when he deems it necessary.

Article 39. In case the Director is unable to discharge his duties from any cause whatsoever, the Assistant Director shall act in his place.

Article 40. The Judicial Yuan may introduce in the Legislative Yuan bills on matters within its own competence.

Article 41. The organization of the Judicial Yuan shall be determined by law.

CHAPTER VII.

The Examination Yuan

Article 42. The Examination Yuan shall be the highest examination organ of the National Government and shall, according to law, exercise the power of examination and determination of qualifications for public service.

Article 43. In case the Director is unable to discharge his duties from any cause whatsoever, the Assistant Director shall act in his place.

Article 44. The Examination Yuan may introduce in the Legislative Yuan bills on matters within its own competence.

Article 45. The organization of the Examination Yuan shall be determined by law.

CHAPTER VIII.

The Control Yuan

Article 46. The Control Yuan shall be the highest supervisory organ of the National Government and shall, according to law, exercise the following powers:

(1) Impeachment.
(2) Auditing.

Article 47. In case the Director is unable to discharge his duties from any cause whatsoever, the Assistant Director shall act in his place.

Article 48. The Control Yuan shall be composed of from 30 to 50 members, who shall be appointed according to law by the Chairman of the National Government at the instance of the Director of the Control Yuan.

Half of the above-mentioned members shall be elected by legally constituted popular organs. The electoral law shall be separately enacted.

CHINA (Political)

Subject: Revised Organic Law of the National Government

Article 49. The security of tenure of office of members of the Control Yuan shall be determined by law.

Article 50. All meetings of the Control Yuan shall be attended by members of the Control Yuan and presided over by the Director of the said Yuan.

Article 51. No member of the Control Yuan may concurrently hold any official post.

Article 52. The Control Yuan shall have the power to introduce in the Legislative Yuan bills on matters within its own competence.

Article 53. The organization of the Control Yuan shall be determined by law.

CHAPTER IX.

Appendix

Article 54. The present law shall come into force on the day of its promulgation.

MANDATE OF THE NATIONAL GOVERNMENT

(December 30, 1931)

The Organic Law of the National Government of the Republic of China, having now been revised, is hereby promulgated.

Lin Sen	- Acting Chairman
Ch'en Ming-shu	- Acting Director of Executive Yuan
Shao Yuan-ch'ung	- Acting Director of Legislative "
Wang Ch'ung-hui	- Director of Judicial Yuan
Tai Ch'uan-hsien	- Director of Examination Yuan
Yu Yu-jen	- Director of Control Yuan

- - - -

NOTE: Article 37 of the above Organic Law was amended by the 2nd Plenary Session of the 4th C.E.C. of the Kuomintang on March 5, 1932, to read: "The Director of the Judicial Yuan may be concurrent... ..." and "The Assistant Director of the Judicial Yuan may be concurrent... ...". This change was made due to the refusal of the President of the Judicial Yuan, Dr. C. C. Wu, to go to Nanking and assume the duties of that office.

For and in the absence of the Military Attache:

Parker G. Tenney
Captain, Field Artillery
Assistant Military Attache

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G-2 Report

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SEP 26 1934

2657-9-403

9

WAR DEPARTMENT

CHINA (Political)

Subject: New Draft Constitution

RECEIVED G/2 W. D. SEP 26 1934

Attached hereto are three copies of a translation of the new Draft Constitution which is mainly the work of Sun Fo, Chairman of the Legislative Yuan, and John C. H. Hu, a well known jurist, who were appointed in charge of the drafting of the document. The results of their work are now presented to the Chinese nation for study and criticism.

It is planned that after the Constitution has been put into final form it will be brought up at a general meeting of the Legislative Yuan after the summer recess and later forwarded to the National Assembly for adoption.

W. S. Drysdale

W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

3 copies

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From M/A, China Report No. 8909 August 31, 1934

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CONFIDENTIAL
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SEP 28 1944
265-1-403
WAR DEPARTMENT

3-1

Preamble

The People's Congress of the Republic of China having been entrusted by the whole body of our citizens and in accordance with the teachings of Dr. Sun, the founder of the Republic, hereby make this Constitution, cause it to be promulgated throughout the land and ordain it for the faithful and constant observance by all.

Chapter I—General Provisions

Art. 1. The Republic of China is a Republic upon the basis of San-Min-Chu-I.

Art. 2. The sovereignty of the Republic of China is vested in the whole body of citizens.

Art. 3. Those who possess the nationality of the Republic of China are citizens of the Republic of China.

Art. 4. The territory of the Republic of China consists of areas included in Kiangsu, Chekiang, Anhwei, Kiangsi, Hupeh, Honan, Szechwan, Sikang, Hopeh, Shantung Shansi, Honan, Shensi, Kansu, Chinhai, Fukien, Kwangtung, Kwangsi, Yunnan, Kweichow, Liaoning, Kirin, Heilungkiang, Jehol, Chahar, Suiyuan, Ninghsia, Sinkiang, Mongolia, Thibet and such areas as originally held by China.

No alteration of the territory of the Republic of China shall be made except by a decision of the People's Congress.

Art. 5. The various races within the Republic of China shall constitute the Chinese nation and shall all be equal.

Art. 6. The flag of the Republic of China shall have a red background with "blue sky and white sun" in the upper left corner.

Art. 7. The national capital of the Republic of China shall be at Nanking.

Chapter II—Rights and Duties of the People

Art. 8. All people of the Republic of China are equal before the law.

Art. 9. All persons have the liberty of the person and, except in accordance with law, shall not be arrested, imprisoned, tried or punished.

When a person is arrested or detained on suspicion, the authorities having the custody of the person shall immediately inform him and his relatives of the cause for his arrest or detention and within 24 hours bring him up for trial in a competent court. The prisoner himself or any other person may petition the court that it shall demand, within 24 hours, the surrender of the prisoner by the authorities in question for trial.

No court shall reject such a petition mentioned in the preceding paragraph, nor shall the authorities having the custody of the person reject the demand thus made by the court for trial.

Art. 10. No person, except those in active military service, is subject to trial by a court martial.

Art. 11. All persons have the freedom of residence, and their dwelling places shall not be forcibly entered, searched, or sealed, except in accordance with law.

Art. 12. All persons have the freedom of changing their places of residence; such freedom shall not be restricted except in accordance with law.

Art. 13. All persons have the freedom of speech, writing and publication; such freedom shall not be restricted except in accordance with law.

Art. 14. All persons have the right to the privacy of correspondence; such right shall not be restricted except in accordance with law.

Art. 15. All persons have the freedom of religious belief; such freedom shall not be restricted except in accordance with law.

Art. 16. All persons have the freedom of assembly and forming associations; such freedom shall not be restricted except in accordance with law.

Art. 17. Property of any person shall not be requisitioned, expropriated, sealed, or confiscated, except in accordance with law.

Art. 18. All persons have the right to file petitions, lodge complaints, or institute legal proceedings, in accordance with law.

Art. 19. All persons have the right to exercise the powers of election, recall, initiative and referendum, in accordance with law.

Art. 20. All persons have the right to compete in examinations in accordance with law.

Art. 21. All persons are subject to the duty of paying taxes in accordance with law.

Art. 22. All persons are subject to the duty of performing military services to the state in accordance with law.

Art. 23. All persons are subject to the duty of performing public services in accordance with law.

Art. 24. Such other liberties and rights of the people as are not detrimental to social order and public interest are all within the protection of the Constitution.

Art. 25. Laws restricting the liberties and rights of the people may be enacted only to the extent that they serve to safeguard the security of the state, to avert a national crisis, to preserve social order, or to promote public interest.

Art. 26. All public functionaries who have wrongfully injured the liberties and rights of the people, shall, in addition to being subject to disciplinary punishment in accordance with law, be made to bear both criminal and civil responsibilities. The injured party may also petition the state, in accordance with law, for compensation for the injury suffered.

Chapter III—The People's Congress

Art. 27. The People's Congress shall be composed of the delegates to be elected in the following ways.

1. Every district, municipality or other area of an equivalent status shall elect one delegate. But, when its population exceeds 300,000 for every additional 500,000, it shall be entitled to elect one additional delegate.

Areas of an equivalent status to district or municipality are to be determined by law.

2. The number of delegates elected from Mongolia and Thibet is to be determined by law.

3. The number of delegates elected from Chinese citizens resident abroad is to be determined by law.

Art. 28. The delegates of the People's Congress shall be elected by universal, equal and direct suffrage and by ballot.

Art. 29. All citizens of the Republic of China over twenty years of age have the right of electing delegates according to law. All citizens over twenty-five years of age are qualified to be elected delegates to the Congress according to law.

Art. 30. The term of office of the delegates shall be four years.

In the event of a delegate's violating the law or failure to carry out his duties properly,

the election district (his constituency) may hold a re-election in accordance with law.

Art. 31. The People's Congress shall be convened once every two years. Its session shall be one month; and if necessary, may be extended for another month.

Extraordinary sessions of the People's Congress may be convened at the initiative of over one-fourth of the delegates.

Art. 32. The powers and functions of the People's Congress are as follows:

1. To elect or recall the President and Vice-President of the Republic, Presidents of the Legislative Yuan, the Judicial Yuan, the Examination Yuan, the Control Yuan, members of the Legislative Yuan and of the Control Yuan.

2. To initiate principles for legislation.

3. To take referendum on budget, declaration of war, negotiation of peace, laws, conclusion of treaties, declaration of a state of emergency, and amnesty.

The exercise of the power of referendum shall be limited to a simple approval or rejection.

4. To receive reports from the President (of the Republic), the Legislative Yuan, the Judicial Yuan, the Examination Yuan and the Control Yuan.

5. To receive and consider such matters as may be submitted to it by the President (of the Republic), the Legislative Yuan, the Judicial Yuan, the Examination Yuan and the Control Yuan.

6. To exercise such other powers and functions as are conferred by the Constitution.

Art. 33. Unless otherwise provided by the Constitution, delegates shall not exercise their powers and functions during the adjournment of the People's Congress.

Art. 34. The delegates shall not be held responsible outside of the Congress for their utterances made or votes cast in the People's Congress.

Art. 35. Without the permission of the People's Congress, no delegate shall be arrested or imprisoned during the session of the Congress, except apprehended *in flagrante delicto*.

Art. 36. During the adjournment of the People's Congress, there shall be a People's Committee, to be elected by and from the delegates in accordance with the following provisions;

1. For a province with population under 5,000,000, two representatives shall be elected by and among its delegates. For a province with population above 10,000,000 but under 20,000,000 four representatives shall be elected by and among its delegates. For a province with population above 20,000,000 but under 30,000,000 five representatives shall be elected by and among its delegates. For a province with population above 30,000,000, six representatives shall be elected by and among its delegates.

2. For mongolia and Thibet, three representatives each shall be elected by and among their delegates.

3. For Chinese citizens resident abroad, three representatives shall be elected by and among their delegates.

Art. 37. The term of office of members of the People's Committee shall begin with the adjournment of the People's Congress and terminates with the opening of the next Congress.

Art. 38. The powers and functions of the People's Committee are as follows:

1. To take control of the secretariat of the People's Congress.

2. To make preparations for the convocation of the next Congress and the extraordinary sessions of the congress.

3. On behalf of the People's Congress, to take referendum on budget, declaration of war, negotiation of peace, conclusion of treaties, declaration of a state of emergency, and amnesty, which have been passed by the Legislative Yuan.

4. To receive and consider on behalf of the People's Congress such matters as are submitted for its decision by the President (of the Republic), the Legislative Yuan, the Judicial Yuan, the Examination Yuan and the Control Yuan.

5. To receive and try impeachment instituted by the Control Yuan against the President, Vice-President, the Presidents of the Legislative Yuan, the Judicial Yuan, the Examination Yuan, the Control Yuan, members of the Legislative Yuan and of the Control Yuan.

The People's Committee after having resolved to receive and try impeachment against the President, Vice-President, Presidents of the Legislative Yuan, of the Judicial Yuan, of the Examination Yuan, of the Control Yuan, shall immediately convene an extraordinary session of the People's Congress to decide whether or not there shall be a recall.

Upon the decision of the People's Committee to approve the impeachment instituted by the Control Yuan against any member of the Legislative Yuan or the Control Yuan, the member impeached shall immediately vacate his office.

6. The People's Committee may interpellate the President, should it find dissatisfaction in policies of the state or in the execution of them.

The People's Committee may resolve by a two-thirds majority at a meeting with a two-thirds quorum of the entire committee, to convene an extraordinary session of the People's Congress to decide whether to recall him or not, should it consider the reply to its interpellation unsatisfactory.

7. The People's Committee shall exercise such other powers and functions as are conferred by the Constitution.

Art. 39. Members of the People's Committee shall not concurrently hold any other official position or carry on any business or profession.

Art. 40. In the event of a member of the People's Committee having violated the law or failed in carrying out his duties properly, the delegates who elected him, shall elect another from themselves.

Art. 41. The organization of People's Congress, the election of delegates, the organization of the People's Committee and the election of members of the People's Committee, are to be determined by law.

Chapter IV—The Central Government

Section 1—The President

Art. 42. The President is the head of State, and in foreign relations represents the Republic of China.

Art. 43. The President shall, in accordance with law, promulgate laws and issue mandates, after they have been counter-signed by President of the Yuan concerned.

Art. 44. The President shall have supreme command over the land, sea and air forces, in accordance with law.

Art. 45. The President shall exercise, in accordance with law, the power to declare war, negotiate peace, and conclude treaties.

Art. 46. The President shall, in accordance with law, declare and terminate a state of emer-

gency.

Art. 47. The President shall, in accordance with law, exercise the power of amnesty, special pardon, remission of sentences and restoration of civil rights.

Art. 48. The President shall submit, before they are promulgated, to the People's Congress or the People's Committee for referendum bills concerning budget, declaration of war, negotiation of peace, conclusion of treaties, declaration of a state of emergency, and amnesty, which have been passed by the Legislative Yuan.

Art. 49. The President shall appoint and dismiss civil and military officials in accordance with law.

Art. 50. The President shall confer honours and award decorations in accordance with law.

Art. 51. The President shall concurrently be the chief executive and exercise all executive power.

Art. 52. The President shall be responsible to the People's Congress.

Art. 53. Every citizen of the Republic of China having attained the age of forty years shall be eligible for the presidency or vice-presidency of the Republic.

Art. 54. No person in active military service shall be eligible either for the presidency or vice-presidency.

Art. 55. The election of the President and Vice-President is to be determined by law.

Art. 56. The term of office of the President and Vice-President shall be four years. They may be reëligible for a second term.

Art. 57. The President shall, on the day of his inauguration, take the following oath before the people:

"I swear before the people that I will in all faithfulness and to the best of my ability observe the Constitution, and will, by the powers and functions conferred on me by the Constitution, enforce the laws and mandates of the State, and safeguard the unity and independence of the Republic of China in order not to fail my fellow-citizens who have put the great trust in me. If I violate the Constitution or fail in my duties, I will be ready to be punished by the people. This is my oath."

Art. 58. In case the President is incapacitated for any reason, the Vice-President shall act for the President. In case both the President and Vice-President are incapacitated, the President of the Executive Yuan shall act for the President.

Art. 59. The President shall be relieved of his office at the expiration of his term of office. If by that time a new President has not been elected, or the President elect has not assumed office, the President of the Executive Yuan shall temporarily act for the President.

Art. 60. When the President of the Executive Yuan acts for the President in accordance with the provisions of the two preceding articles, the duration shall not exceed six months.

Art. 61. Except in case of offence against the internal or external security of the State, the President shall not be subject to criminal prosecution until he has been recalled or removed from office.

Section 2—The Executive Yuan

Art. 62. The Executive Yuan is the highest organ through which the Central Government exercises its executive power.

Art. 63. In the Executive Yuan there shall be President and twenty state councillors to be appointed and dismissed by the President of the Republic.

Art. 64. The Executive Yuan shall establish various ministries and commissions to take charge of the respective executive powers and functions of the State.

Art. 65. The ministers and the chairmen of commissions of the Executive Yuan shall be chosen and appointed by the President (of the Republic) among the state councillors; they are also subject to dismissal by the President.

Art. 66. The President of the Executive Yuan, state councillors, ministers and chairmen of commissions are all responsible to the President (of the Republic.)

Art. 67. The Executive Yuan shall establish an Executive Council composed of the President, the President of the Executive Yuan, and state councillors, to be presided over by the President at its meetings. When the President is unable to be present for any reason, the President of the Executive Yuan shall preside.

Art. 68. The following matters shall be decided by the Executive Council:

1. Bills concerning legislation, and budget to be presented to the Legislative Yuan.

2. Bills concerning a state of emergency and amnesty, to be presented to the Legislative Yuan.

3. Bills concerning declaration of war, negotiation of peace, conclusion of treaties, and other important international affairs, to be presented to the Legislative Yuan.

4. Matters submitted by the state councillors, the various ministries and commissions.

5. Matters of common interest to the various ministries and commissions.

6. Such other matters as may be submitted by the President or the President of the Executive Yuan.

Art. 69. The organization of the Executive Yuan is to be determined by law.

Section 3—The Legislative Yuan

Art. 70. The Legislative Yuan is the highest organ through which the Central Government exercises its legislative power. It is responsible to the People's Congress.

Art. 71. The Legislative Yuan has power to pass bills concerning the making of laws, budget, state of emergency, amnesty, declaration of war, negotiation of peace, conclusion of treaties, and other important matters relating to international affairs.

Art. 72. In the Legislative Yuan there shall be a President. His term of office shall be four years, and he is reëligible.

Art. 73. When the President of the Legislative Yuan vacates his office for any reason during the adjournment of the People's Congress, members of the Legislative Yuan shall elect one among themselves to act as the President of the Yuan, subject however to the approval of the People's Committee.

Art. 74. The election of members of the Legislative Yuan shall be in accordance with the following provisions:

1. Delegates from each province to the People's Congress shall elect three members, and delegates from Mongolia, Thibet and Chinese citizens resident abroad shall each elect three members. The members thus elected need not necessarily be the delegates to the People's Congress nor be the inhabitants of the province or area which they represent.

2. The President of the Ligislative Yuan shall select persons possessing special learning and experience and submit their names either to the People's

Congress or to the People's Committee for election. But the number thus chosen shall not exceed one third of the total number elected in the preceding paragraph.

Art. 75. The term of office of members of the Legislative Yuan shall be four years, and they are re-eligible.

Art. 76. The Executive Yuan, the Judicial Yuan, the Examination Yuan and the Control Yuan may submit to the Legislative Yuan proposed bills on matters that are within their jurisdiction.

Art. 77. The President of the Republic may request the Legislative Yuan to reconsider a bill before promulgating it.

But if the Legislative Yuan, after reconsidering the bill referred to it as stated in the preceding paragraph, stands by the original bill with a two-thirds majority vote of the members present at the meeting the President shall immediately promulgate the bill.

Art. 78. The People's Congress may take referendum on laws that have already been promulgated.

Art. 79. The President shall promulgate within fifteen days after the receipt of all bills which the Legislative Yuan presents with request for promulgation. Bills on which a referenum has been taken by the People's Congress or the People's Committee shall be promulgated within fifteen days after the notification of the referendum.

Art. 80. Members of the Legislative Yuan are not responsible outside of the Yuan for their utterances made or votes cast in the Yuan.

Art. 81. Members of the Legislative Yuan shall not be arrested or imprisoned without the permission of the Yuan except when apprehended *in flagrante delicto*.

Art. 82. Members of the Legislative Yuan shall not concurrently hold any other official position of carry on any business or profession.

Art. 83. The election of members of the Legislative Yuan and the organization of the Legislative Yuan are to be determined by law.

Section 4—The Judicial Yuan

Art. 84. The Judicial Yuan is the highest organ through which the Central Government exercises its judicial power.

Art. 85. In the Judicial Yuan there shall be a President. His term of office shall be four years, and he is re-eligible.

The President of the Judicial Yuan is responsible to the People's Congress.

Art. 86. In the event of the office of the President of the Judicial Yuan for any reason becoming vacant during the adjournment of the People's Committee shall elect an acting President.

Art 87. The Judicial Yuan shall establish a Supreme Court, a Commission for the Disciplinary Punishment of Public Functionaries, and a Ministry of Justice.

Art. 88. The President of the Supreme Court; the Chairman of the Commission for the Disciplinary Punishment of Public Functionaries and the Minister of Justice shall be appointed or dismissed by the President upon the recommendation of the President of the Judicial Yuan in accordance with law.

Art. 89. The power of granting amnesty, remitting sentence and restoring civil rights shall be exercised by the President upon the recommendation of the President of the Judicial Yuan in accordance with law.

Art. 90. The courts of justice shall, in accordance with law, accept and try civil, criminal, administrative and all other cases as well as non-litigious matters.

Art. 91. The Supreme Court has the exclusive power to interpret laws.

Art. 92. Judicial officials shall be independent in conducting trials in accordance with law.

Art. 93. No judicial officials may be removed from office unless he has been subjected to criminal or disciplinary punishment or declaration of interdiction; nor may he be suspended or transferred or have his salary reduced, except in accordance with law.

Art. 94. The organization of the Judicial Yuan and of the courts of justice is to be determined by law.

Section 5 — The Examination Yuan

Art. 95. The Examination Yuan is the highest organ through which the Central Government exercises its power of examination and official grading.

Art. 96. In the Examination Yuan there shall be a President. His term of office shall be four years, and he is re-eligible.

The President of the Examination is responsible to the People's Congress.

Art. 97. In the event of the office of the President of the Examination Yuan for any reason becoming vacant during the adjournment of the People's Congress, the People's Committee shall elect an acting President.

Art. 98. The Examination Yuan shall establish a Chuan-Shu-Pu (Ministry of Official Grading), and an Examination Commission when public examinations are held.

Art. 99. The Minister of the Chuan-Shu-Pu shall be appointed or dismissed by the President upon the recommendation of the President of the Examination in accordance with law.

The Chairman of the Examination Commission and its members shall be appointed by the President upon the recommendation of the President of the Examination Yuan in accordance with law.

Art. 100. The following qualifications shall be determined by the Examination Yuan by examination:

1. Qualification of public functionaries for appointment.
2. Qualification of candidates for public service.
3. Qualification of professionals or technical experts to practise their professions.

Art. 101. The organization of the Examination is to be determined by law.

Section 6—The Control Yuan

Art. 102. The Control Yuan is the highest organ through which the Central Government exercises its control power. It shall take charge of impeachment and auditing. It is responsible to the People's Congress.

Art. 103. In the Control Yuan there shall be a President. His term of office shall be four years, and he is reeligible.

Art. 104. In the event of the office of the President of the Control Yuan for any reason becoming vacant during the adjournment of the People's Congress, members of the Control Yuan shall elect one among themselves to act as the President of the Yuan, subject however to the approval of the People's Committee.

Art. 105. Of members of the Control Yuan, delegates of each province to the People's Congress shall elect two; delegates of Mongolia, Thibet and Chinese citizens resident

abroad shall each elect two, Members thus elected need not necessarily be delegates to the People's Congress.

Art. 106. The term of office of members of the Control Yuan shall be four years and they are reeligible.

Art. 107. When public functionaries of the Central and local governments have acted in violation of the law or failed to carry out their duties properly, members of the Control Yuan may institute impeachment proceedings in accordance with the following provisions:

1. In an impeachment against the President or Vice-President, it shall be proposed by ten members of the Control Yuan, and be supported and signed jointly by more than half of the entire membership of the Control Yuan.

2. In an impeachment against the Executive Yuan, the Legislative Yuan, the Examination Yuan or the Control Yuan, it shall be proposed by five members of the Control Yuan, and be supported and signed jointly by more than one-third of entire membership of the Control Yuan.

3. In an impeachment against a minister, chairman of a commission of the Executive Yuan, a member of the Legislative Yuan or of the Control Yuan, it shall be proposed by two members of the Control Yuan, and be supported and signed jointly by more than five members of the Control Yuan.

4. In an impeachment against any other public functionary, it shall be proposed by one member of the Control Yuan, and be supported and signed jointly by three other members of the Control Yuan.

Art. 108. Unless the constitution provides other organs to deal with it, all impeachment shall be brought to the Commission for the Disciplinary Punishment of Public Functionaries.

Art. 109. When the Commission for the Disciplinary Punishment of Public Functionaries decides that the person impeached should be dismissed or subject to some other disciplinary punishment, the President or the superior official shall immediately carry it into effect.

Art. 110. In cases of the Control Yuan instituting impeachment against a military officer in active service, the procedure, the organ to deal with it, and the method of disciplinary punishment are to be determined by law.

Art. 111. The Control Yuan shall establish an Auditing Commission to take charge of auditing and inspection of accounts.

Art. 112. The Auditing Commission shall be composed of one chairman and six commissioners to be appointed or dismissed by the President upon the recommendation of the President of the Control Yuan in accordance with law.

Art. 113. The report on statements of accounts by the Auditing Commission shall be published in accordance with law after being examined at a meeting of the Control Yuan.

Art. 114. Members of the Control Yuan are not responsible outside of the Yuan for their utterances made or votes cast in the Yuan.

Art. 115. Members of the Control Yuan may not be arrested or imprisoned without the permission of the Control Yuan except when apprehended *in flagrante delicto*.

Art. 116. Members of the Control Yuan shall not concurrently hold any other official position or carry on any business or profession.

Art. 117. The election of member of the Control Yuan and the organization of the Control Yuan are to be determined by law.

Chapter V—The Province

Art. 118. The province is an administrative area of the State. In each province there shall be established a provincial government to execute the laws and mandates of the Central Government and to exercise supervision over local self-government.

Art. 119. In each province there shall be a governor. His term of office shall be three years. He shall be appointed and dismissed by the Central Government.

No one in military service may be appointed governor of a province unless a period of three years has elapsed after his retirement from such service.

Art. 120. In each province there shall be a provincial assembly. As to the membership of the assembly, each district or municipality is entitled to one member, to be elected by its council. The term of office of members of a provincial assembly shall be three years, and they are reëligible.

Art. 121. The provincial assembly shall meet once every six months, each session not to be longer than one month. Extraordinary sessions may be convened whenever necessary.

Art. 122. The powers and functions of the provincial assembly are as follows:

1. To examine and consider the budget submitted by the governor.
2. To consider matters submitted by the provincial governor.
3. To propose bills to the Legislative Yuan concerning provincial legislation.
4. To pass such provincial ordinances as delegated by law.
5. To propose to the Executive Yuan reformative measures in the provincial administration.
6. To propose impeachment to the Control Yuan against provincial public functionaries.
7. To propose measures to the provincial governor.

Art. 123. The organization of the provincial government, the organization of the provincial assembly, and the election and recall of members of the provincial assembly, are to be determined by law.

Art. 124. The political system of areas other than provinces is to be determined by law.

Chapter VI—The District

Art. 125. The district (hsien) is the unit of local self-government.

Art. 126. The district self-government shall have jurisdiction over the following:

1. Census and registration of the district population.
2. Land administration in the district.
3. Financial administration of the district.
4. Communication, irrigation and other engineering construction in the district.
5. Public and coöperative enterprises of the district.
6. Police and public order in the district.
7. Education and culture in the district.
8. Sanitation in the district.
9. Philanthropic and other measures promotive of the people's welfare.
10. Preservation and management of public properties of the district.
11. Preservation of scenic beauties and historic relics in the district.
12. All other matters pertaining to local self-government of the district.

Art. 127. The people of each district shall, in accordance with law, exercise the rights of initiative and referendum in matters relating to district self-government; and shall, in accordance with law, exercise the rights of election and recall of the magistrate

and other self-governing officials of the district.

Art. 128. In each district there shall be district council, whose members shall be elected by the mass meeting of all qualified voters of the district. Their term of office shall be three years, and they are re-eligible.

Art. 129. The district council shall meet once every six months, each session not to be longer than one month. Extraordinary sessions may be convened whenever necessary.

Art. 130. The powers and functions of the district council are as follows:

1. To pass the district budget and to audit the district accounts.

2. To approve district taxes and such contracts as tend to increase the financial burdens of the district treasury.

3. To approve the administration and the disposal of the properties owned by the district.

4. To audit the finances of the district.

5. To pass district ordinances and regulations.

6. To propose to the district government new or reformative measures in the district administration.

7. To consider matters submitted by the magistrate.

8. To interpellate the magistrate.

Art. 131. Such district ordinances as are in conflict with the laws of the Central Government or with the ordinances of the provincial government are null and void.

Art. 132. In each district there shall be a district government with a magistrate, to be elected by a mass meeting of all qualified voters of the district. His term of office shall be four years, and he is re-eligible.

Only those who have been qualified in examination or official grading by the Central Government may be candidates for the magistracy.

Art. 133. The magistrate shall administer the affairs of district self-government, and execute (within the district), under the direction of the provincial governor all matters entrusted to him by the Central and Provincial governments.

Art. 134. The organization of the district council, the election and recall of the district councillors, the organization of the district government and the election and recall of the magistrate are to be determined by law.

Chapter VII—The Municipality

Art. 135. Except otherwise provided by law, the provisions governing the district shall apply *mutatis mutandis* to the self-government and administration of a municipality.

Art. 136. In each municipality there shall be a municipal council, whose members shall be elected by a mass meeting of all qualified voters of the municipality. One-third of its membership shall be changed by a new election annually.

Art. 137. In each municipality there shall be a municipal government with a mayor, to be elected by a mass meeting of all qualified voters of the municipality. His term of office shall be three years, and he is re-eligible.

Only those who have been qualified in examination or official grading by the Central Government may be candidates for the mayoralty.

Art. 138. The mayor shall administer the affairs of the municipal self-government, and execute (with in the municipality), under the direction of supervisory organs, all administrative measures of the Central Government.

Art. 139. The organization of the municipal council, the election and recall of the municipal councillors, the organization of the municipal government and the re-call of the mayor, are to be determined by law.

Chapter VIII—Economic Welfare of the People

Art. 140. The economic system of the Republic of China shall be based upon the Min Sen psinciple, aiming at recuring for all economic equality and sufficiency.

Art. 141. The land within the territorial limits of the Republic of China belongs to the whole body of citizens. The right of ownership of land which has been acquired by the people in accordance with law, shall be protected by law and also subject to restrictions imposed by law.

The state may tax or expropriate, in accordance with law, privately owned land value as reported by the owner or determined by the Government.

Every landowner has the duty to utilise his land to the fullest extent.

Art. 142. All subsoil mines and natural sources of power which are economically capable of being harnessed for public use, shall belong to the state and shall not be affected by private ownership.

Art. 143. The unearned increment of land shall, by means of the collection of a land value-increment tax, be devoted to public benefit.

Art. 144. In readjusting the distribution of land, the state shall be guided by the principle of aiding and protecting the farmers who cultivate their own land and landowners who utilise the land themselves.

Art. 145. The state may regulate, in accordance with law, the wealth of individuals and private enterprises when they are considered to be detrimental to the balanced development of the general economic life of the people.

Art. 146. The state shall encourage guide and protect productive enterprise and enhance trade of its citizens.

Art. 147. As a general principle, all public utilities and other businesses possessing monopolistic nature shall be operated by the state; but, if necessary, they may be operated by private citizens by special permission.

These privately operated enterprises by state's special permission mentioned in the preceding paragraph may be taken over and operated by the state; but due compensation shall be given.

Art. 148. In order to improve the living conditions of the labourers and to increase their productive abilities, the state shall enforce measures for the protection of labour.

Women and children engaged in manual labour shall be afforded special protection in accordance with their age and physical condition.

Art. 149. Labour and capital shall develop productive enterprises in accordance with the principles of mutual coöperation and assistance.

Art. 150. For the growth of agricultural imdustry and for the benefit of farmers, the state shall develop rural economy, improve rural life and increase, by scientific methods, the efficiency of farmers.

The state shall regulate, both in kinds and quantity, the farm products and their distribution.

Art. 151. The state shall provide appropriate relief and solatium to those who lost their lives or became disabled through military or public services.

Art. 152. The state shall give suitable relief to those who, through old age or bodily disablement, are unable to earn a livelihood.

Chapter IX—Education

Art. 153. The educational aim of the Republic of China shall be to inculcate and develop the national spirit and culture, to cultivate morality of citizens, to train the power of self-government and to increase the ability of earning livelihood, thereby building up a sturdy and well developed body of citizens.

Art. 154. The opportunity for all citizens of the Republic of China to receive education shall be equal.

Art. 155. All public and private educational institutions are subject to state supervision and carry out educational policies formulated by the state.

Art. 156. All children between six and twelve years of age shall be exempt from paying school fees and receive elementary education. Detailed provisions concerning the matter are to be made by law.

Art. 157. All those over schooling age who have not received elementary education shall be exempt from school fees and shall all attend adult continuation schools. Detailed provisions concerning the matter are to be made by law.

Art. 158. In establishing universities and technical colleges the state shall attend to the needs of their respective localities so as to secure for the people thereof an equal opportunity to receive higher education thereby hastening a balanced cultural development of the whole nation.

Art. 159. Educational appropriations shall not be less 15% of the total amount in the Central Government budget; and not less than 30% of the total amount in the local government budgets. All foundation funds for education which have been independently set aside by law shall be safeguarded.

Art. 160. Private educational institutions of good standing and record shall be encouraged and aided.

Art. 161. Education for Chinese citizens residing abroad shall be encouraged and aided.

Art. 162. All public and private educational institutions shall establish a number of free scholarships and money prizes to be awarded, by way of encouragement, to deserving but needy students.

Art. 163. Teachers and administrative officers of educational institutions with excellent record and long service shall be encouraged and have their interests protected. The system of annual increase of salary by merit and the pension system are to be determined by law.

Art. 164. Scholastic or technical research and invention and discovery shall be encouraged and protected.

Art. 165. Ancient relics and remains of historic, cultural and artistic value shall be protected and preserved by the state.

Chapter X—Finance

Art. 166. The allocation of receipts and expenditures between the various grades of government and self-governing bodies, and the method of giving mutual financial assistance and subsidy are to be determined by law.

Art. 167. The various grades of government and self-governing bodies shall each prepare a budget and a statement of accounts once every fiscal year in respect to its annual receipts and expenditures. The scope and procedure of making budgets and accounts are determined by law.

In respect to public enterprises, the various grades of government and self-governing bodies may prepare a budget and statement of accounts in accordance with its own regulations; but the net profit and loss of such enterprises shall be incorporated into the general budget and accounts.

In respect to plans of reconstruction spreading over a long period of years, the various grades of government may, in accordance with law, establish continuous expenditure. But such budget shall be incorporated annually into the general budget.

The general budget of various grades of government and self-governing bodies shall not be valid unless made in accordance with procedure prescribed by law.

Art. 168. The amount fixed by budget shall be the maximum to which expenditure may be made. Except in accordance with law, no administrative organ may in any circumstance increase its expenditure. A budget shall not be altered or exceeded.

In one of the following circumstances when large unforeseen expenditures become necessary, every grade of government may present an extraordinary budget:

1. Urgent measures for national defence or protection.
2. Great national disasters.
3. Urgent engineering constructions on a large scale.

Art. 169. The Central Government, except in accordance with law or with the approval of the Legislative Yuan, shall not be permitted to do the following; and a province, area, district or municipality, in accordance with its own regulations, shall only be permitted to do so when it has been duly approved by the legally designated organ:

1. To tax, collect fees or impose fines, to institute any other forcible collection and to alter the rate of collection.
2. To raise public loans, to dispose of public properties, or to negotiate contracts whereby increasing burden of the public treasury.
3. To establish or cancel public enterprises, monopolies, or any other profit-making businesses.
4. To grant or cancel monopoly or any other special privilege.

The government of a province, area, district or municipality shall not, except in accordance with special permission by law, raise foreign loans or directly accept foreign capital.

Art. 170. Within the territory of the Republic of China, all goods shall circulate freely. No goods shall be stopped or detained except in accordance with law.

The customs duty shall be collected by the Central Government, and shall be levied when the goods enters or leaves the country. It shall be collected only once.

No grade of government shall, under whatever designation, collect any due on goods in transit within the country. But this shall not apply in case where the charge is made on passage of boats and vehicles making use of the improved waterways or highways.

All taxes on goods shall be collected by the Central Government. Except in accordance with law, no tax shall be imposed.

Art. 171. In the financial organization of all government offices, the independence of the cashier, the accounting and auditing departments shall be separately maintained. The details are to be determined by law.

Chapter XI — Military Affairs

Art. 172. The army of the Republic of China shall be maintained for the purpose of national defence and under the control of the Central Government, and its duty shall be to safeguard national sovereignty, protect state territory, defend against foreign invasion and obey law and orders.

Art. 173. The army shall be based upon the principle of conscription.

The obligation of citizens to participate in national defence to be determined by law.

Art. 174. The organization of the land, sea and air forces is to be determined by law.

Art. 175. The supreme command of the President over the land, sea and air forces, shall be exercised, in time of peace, through the appropriate ministry; and in time of external defence or war, it shall be exercised by a commander-in-chief, to be appointed, with the approval of the People's Congress or the People's Committee. But, as soon as the war terminates, the commander-in-chief shall immediately vacate his office.

Art. 176. In the event of a foreign country first declaring war or attacking the Republic by force without any previous declaration, the President may immediately order mobilization, defence and declaration of a state of emergency, but shall request (the People's Congress or the People's Committee) to ratify the same in accordance with law.

Art 177. In accordance with needs of national defence, certain areas in the country shall be designated as garrison stations. The details are to be determined by law.

Military commanders shall not station permanently at provincial capitals.

Art. 178. The troops shall be distributed in different regions for national defence. Except by the order of the Central Government or at the request of the provincial, area, district or municipal government for assistance, on account of some urgent crisis, no troops shall be dispatched.

In the urgent dispatch of troops as stated in the foregoing paragraph, the provincial, area, district or municipal government and the military commander of the region shall immediately report to the Central Government.

Art. 179. Military expenditures shall be paid out of the national treasury. Their amount and the number of officers and men shall be clearly specified in the budget.

Military supply shall be independent, and be managed by the national treasury in accordance with law.

Art. 180. No provincial area, district or municipal government shall be permitted to raise an army, establish military schools and arsenals.

Matters relating to police and public order of provinces, areas, districts and municipalities are to be determined by law.

Art. 181. Persons in active military service shall not interfere in politics nor express opinions on politics.

Art. 182. Persons in active military service shall not concurrently hold any other administrative official position.

Art. 183. The jurisdiction of military courts and the organization of military courts are to be determined by law.

Chapter XII—Annex

Art. 184. The term "law", as used in the Constitution, means that which has been passed by the Legislative Yuan and promulgated by the President.

Art. 185. All such laws and mandates as are in conflict with the constitution are null and void.

Laws when are null and void according to the provisions of the preceding paragraph, shall be declared null and void by the President, when they have been so decided by the People's Congress or the People's Committee upon the presentation of a written opinion by the Supreme Court.

Art. 186. The interpretation of the Constitution shall be decided by the People's Congress or the People's Committee upon the presentation of a written opinion by the Supreme Court.

Art. 187. No amendment of the Constitution can be made unless it has been proposed by over one-third of the delegates to the People's Congress and passed by over two-thirds of the delegates present at a meeting with a two-thirds quorum of the entire Congress.

The people who propose any amendment of the Constitution shall publish their proposed amendment one year before the meeting of the People's Congress.

Art. 188. This Constitution shall come into force at the date of promulgation.

Report.

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JUN 18 1936 MIL., INTEL. DIV. WAR DEPARTMENT

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CHINA (Political)

Subject: Government - General.

The Draft Constitution.

Revised Draft of the Constitution of the Republic of China.

Passed by the Legislative Yuan May 1, 1936.

RECEIVED G/2 W.D. JUN 16 1936

By virtue of the mandate received from the whole body of citizens and in accordance with the bequeathed teachings of Dr. Sun, Founder of the Republic of China, the People's Congress of the Republic of China hereby ordains and enacts this Constitution and causes it to be promulgated throughout the land for faithful and perpetual observance by all.

Chapter I. General Provisions.

Art. 1. - The Republic of China is a San Min Chu I Republic.

Art. 2. - The sovereignty of the Republic of China is vested in the whole body of citizens.

Art. 3. - Persons having acquired the nationality of the Republic of China are citizens of the Republic of China.

Art. 4. - The territory of the Republic of China consists of areas originally constituting Kiangsu, Chekiang, Anhwei, Kiangsi, Hupeh, Hunan, Szechwan, Hsikang, Hopei, Shantung, Shansi, Honan, Shensi, Kansu, Chinghai, Fukien, Kwangtung, Kwangsi, Yunnan, Kweichow, Liaoning, Kirin, Heilungkiang, Jehol, Chahar, Suiyuan, Ningsia, Sinkiang, Mongolia and Tibet.

The territory of the Republic of China shall not be altered except by resolution of the People's Congress.

Art. 5. - All races of the Republic of China are component parts of the Chinese Nation and shall be equal.

Art. 6. - The National Flag of the Republic of China shall have a red background with a blue sky and white sun in the upper left corner.

Art. 7. - The National Capital of the Republic of China shall be at Nanking.

Chapter II. Rights and Duties of the Citizens.

Art. 8. - All citizens of the Republic of China shall be equal before the law.

Art. 9. - Every citizen shall have the liberty of the person; except in accordance with law, no one may be arrested, detained, tried or punished.

When a citizen is arrested or detained on suspicion of having committed a criminal act, the authority responsible for such action shall immediately inform the citizen himself and his relatives of the cause for his arrest or detention and shall, within a period of twenty-four hours, send him to a competent court for trial. The citizen so arrested or detained, or any

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one else, may also petition the court to demand from the authority responsible for such action the surrender, within twenty-four hours, of his person to the court for trial.

The court shall not reject such a petition; nor shall the responsible authority refuse to execute such a writ as mentioned in the preceding paragraph.

Art. 10. - With the exception of those in active military service, no one may be subject to military jurisdiction.

Art. 11. - Every citizen shall have the freedom of domicile; no private abode may be forcibly entered, searched or sealed except in accordance with law.

Art. 12. - Every citizen shall have the freedom to change his residence; such freedom shall not be restricted except in accordance with law.

Art. 13. - Every citizen shall have the freedom of speech, writing and publication; such freedom shall not be restricted except in accordance with law.

Art. 14. - Every citizen shall have the freedom of secrecy of correspondence; such freedom shall not be restricted except in accordance with law.

Art. 15. - Every citizen shall have the freedom of religious belief; such freedom shall not be restricted except in accordance with law.

Art. 16. - Every citizen shall have the freedom of assembly and forming associations; such freedom shall not be restricted except in accordance with law.

Art. 17. - No private property shall be requisitioned, expropriated, sealed or confiscated except in accordance with law.

Art. 18. - Every citizen shall have the right to present petitions, lodge complaints and institute legal proceedings in accordance with law.

Art. 19. - Every citizen shall have the right to exercise, in accordance with law, the powers of election, recall, initiative and referendum.

Art. 20. - Every citizen shall have the right to compete, in accordance with law, in state examinations.

Art. 21. - Every citizen shall, in accordance with law, be amenable to the duty of paying taxes.

Art. 22. - Every citizen shall, in accordance with law, be amenable to the duty of performing military and labour service.

Art. 23. - Every citizen shall, in accordance with law, be amenable to the duty of rendering public service.

Art. 24. - All other liberties and rights of the citizens which are not detrimental to public peace and order or public welfare shall be guaranteed by the Constitution and shall not be restricted except according to law.

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Art. 25. - Only laws imperative for safeguarding national security, averting a national crisis, maintaining public peace and order or promoting public interest may restrict the citizens' liberties and rights.

Art. 26. - Any public functionary who illegally infringes upon any private liberty or right, shall, besides being subject to disciplinary punishment, be responsible under criminal and civil law. The injured person may also, in accordance with law, claim indemnity from the State for damages sustained.

Chapter III. The People's Congress.

Art. 27. - The People's Congress shall be constituted of delegates elected as follows:-

1. Each district, municipality or area of an equivalent status shall elect one delegate, but in case its population exceeds 200,000, one additional delegate shall be elected for every additional 500,000 people. The status of areas to be equivalent to a district or municipality shall be defined by law.

2. The number of delegates to be elected from Mongolia and Tibet shall be determined by law.

3. The number of delegates to be elected by Chinese citizens residing abroad shall be determined by law.

Art. 28. - Delegates to the People's Congress shall be elected by universal, equal, and direct suffrage and by secret ballots.

Art. 29. - Citizens of the Republic of China having attained the age of twenty years shall, in accordance with law, have the right to elect delegates. Citizens having attained the age of twenty-five years shall, in accordance with law, have the right to be elected delegates.

Art. 30. - The term of office of delegates to the People's Congress shall be six years.

When a delegate is found guilty of violation of a law or neglect of his duty, his constituency shall recall him in accordance with law.

Art. 31. - The People's Congress shall be convened by the President of the Republic once every three years. Its session shall last one month, but may be extended another month when necessary.

Extraordinary sessions of the People's Congress may be convened at the instance of two-fifths or more of its members.

The President of the Republic may convene extraordinary sessions of the People's Congress.

The People's Congress shall meet at the seat of the Central Government.

Art. 32. - The powers and functions of the People's Congress shall be as follows:-

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1. To elect the President and Vice-President of the Republic, the President and the Vice-President of the Legislative Yuan, the President and the Vice-President of the Censor Yuan, the Members of the Legislative Yuan and the Members of the Censor Yuan.

2. To recall the President and the Vice-President of the Legislative Yuan, the Judicial Yuan, the Examination Yuan, or the Censor Yuan, the Members of the Legislative Yuan or the Censor Yuan.

3. To initiate laws.

4. To hold referenda on laws.

5. To amend the Constitution.

6. To exercise such other powers as are conferred by the Constitution.

Art. 33. - Delegates to the People's Congress shall not be held responsible outside of the Congress for opinions they may express and votes they may cast during the session of the Congress.

Art. 34. - Without the permission of the People's Congress, no delegate shall be arrested or detained during the session except when apprehended in flagrante delicto.

Art. 35. - The organization of the People's Congress, the election as well as recall of its delegates and the procedure for exercising its powers shall be determined by law.

Chapter IV. The Central Government.

Section 1. The President.

Art. 36. - The President is the head of the State and represents the Republic of China in foreign relations.

Art. 37. - The President shall command the land, sea and air forces of the whole country.

Art. 38. - The President shall, in accordance with law, promulgate laws and issue mandates with the counter-signature of the President of the Yuan concerned.

Art. 39. - The President shall, in accordance with law, exercise the power of declaring war, negotiating peace and concluding treaties.

Art. 40. - The President shall, in accordance with law, declare and terminate a state of emergency.

Art. 41. - The President shall, in accordance with law, exercise the power of granting amnesties, special pardons, remission of sentences and restoration of civil rights.

Art. 42. - The President shall, in accordance with law, appoint and remove civil and military officials.

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Art. 43. - The President shall, in accordance with law, confer honours and award decorations.

Art. 44. - Should a state of emergency of grave changes in the national economic life require immediate action, the President may, upon decision of an Executive Meeting, issue an emergency order for the necessary disposal thereof, provided he shall refer such order to the Legislative Yuan for confirmation within three months after its issuance.

Art. 45. - The President may call meetings of the Presidents of the five Yuans to discuss matters affecting two or more Yuans or matters the President may consult.

Art. 46. - The President shall be responsible to the People's Congress.

Art. 47. - Citizens of the Republic of China, having attained the age of forty years, may be elected President or Vice-President of the Republic.

Art. 48. - The election of the President and Vice-President shall be provided for by law.

Art. 49. - The President and Vice-President shall hold office for a term of six years and may be reelected for a second term.

Art. 50. - The President shall, on the day of his inauguration, take the following oath:-

"I do solemnly and sincerely swear before the people that I will observe the Constitution, faithfully perform my duties, promote the welfare of the people, safeguard the security of the State and be loyal to the trust of the people. Should I break my oath, I will submit myself to the most severe punishment the law may provide."

Art. 51. - When the Presidency is vacated, it shall be succeeded to by the Vice-President. In case the President is incapacitated by any cause, the Vice-President shall discharge the duties of his office. In case both the President and the Vice-President are incapacitated, the President of the Executive Yuan shall discharge the duties of the President's office.

Art. 52. - The President shall retire from office on the day his term expires. If by that time a new President has not been inaugurated, the President of the Executive Yuan shall discharge the duties of the President's office.

Art. 53. - The period for the President of the Executive Yuan to discharge the duties of the President's office shall not exceed six months.

Art. 54. - Except in case of an offence against the internal or external security of the State, the President shall not be liable to criminal prosecution until he has been recalled or has retired from office.

Section 2. The Executive Yuan.

Art. 55. - The Executive Yuan is the highest organ through which the Central Government exercises its executive powers.

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Art. 56. - In the Executive Yuan, there shall be a President and a Vice-President and a number of Executive Members to be appointed and removed by the President of the Republic.

The number of Executive Members without portfolio shall not exceed one-half of the number with portfolio as provided under Paragraph One of Article 58.

Art. 57. - In the Executive Yuan, there shall be various Ministries and Commissions which shall separately exercise their respective executive powers.

Art. 58. - The Ministers of the various Ministries and the Chairmen of the various Commissions shall be appointed by the President from amongst the Executive Members.

The President and the Vice-President of the Executive Yuan may concurrently hold the office of a Minister or a Commission Chairman.

Art. 59. - The President and the Vice-President of the Executive Yuan, the Executive Members, the Ministers of the various Ministries and the Chairmen of the various Commissions shall be individually responsible to the President.

Art. 60. - In the Executive Yuan there shall be Executive Meetings composed of the President and the Vice-President of the Executive Yuan and the Executive Members to be presided over by the President of the Executive Yuan.

Art. 61. - The following matters shall be decided at an Executive Meeting:-

1. Statutory and budgetary bills to be submitted to the Legislative Yuan.

2. Bills concerning a state of emergency and special pardons to be submitted to the Legislative Yuan.

3. Bills concerning declaration of war, negotiation of peace, conclusion of treaties and other important international affairs to be submitted to the Legislative Yuan.

4. Matters of common concern to the various Ministries and Commissions.

5. Matters submitted by the President or the President of the Executive Yuan.

6. Matters referred by the Vice-President of the Executive Yuan, the Executive Members, the various Ministries and Commissions.

Art. 62. - The organization of the Executive Yuan shall be determined by law.

Section 3. The Legislative Yuan.

Art. 63. - The Legislative Yuan is the highest organ through which the Central Government exercises its legislative powers. It shall be responsible to

the People's Congress.

Art. 64. - The Legislative Yuan shall have the power to decide on measures concerning legislations, budgets, a state of emergency, special pardons, declaration of war, negotiation of peace, conclusion of treaties and other important international affairs.

Art. 65. - In the discharge of its duties the Legislative Yuan may interrogate the various Yuans, Ministries and Commissions.

Art. 66. - In the Legislative Yuan there shall be a President and a Vice-President, who shall hold office for a term of three years and may be eligible for reelection.

Art. 67. - Members of the Legislative Yuan shall be elected by delegates of the various provinces, Mongolia, Tibet and citizens residing abroad to the People's Congress who shall separately hold a preliminary election to nominate their respective candidates according to the quotas provided in the succeeding paragraphs and submit a list thereof to the Congress. The candidates need not be delegates to the People's Congress.

1. A province with a population of less than 5,000,000 shall nominate four candidates. A province with a population of more than 5,000,000 but less than 10,000,000 shall nominate six candidates. A province with a population of more than 10,000,000 but less than 15,000,000 shall nominate eight candidates. A province with a population of more than 15,000,000 but less than 20,000,000 shall nominate ten candidates. A province with a population of more than 20,000,000 but less than 25,000,000 shall nominate twelve candidates. A province with a population of more than 25,000,000 but less than 30,000,000 shall nominate fourteen candidates. A province with a population of more than 30,000,000 shall nominate sixteen candidates.

2. Mongolia and Tibet shall each nominate eight candidates.

3. Citizens residing abroad shall nominate eight candidates.

Art. 68. - Members of the Legislative Yuan shall hold office for a term of three years and may be eligible for reelection.

Art. 69. - The Executive Yuan, Judicial Yuan, Examination Yuan, and Censor Yuan may submit to the Legislative Yuan measures concerning matters within their respective jurisdiction.

Art. 70. - The President may, before promulgation or execution of a legislative measure adopted by the Legislative Yuan, request the said Yuan to reconsider it.

If the Legislative Yuan, after reconsideration, decides to confirm the original measure so referred to it in accordance with the preceding paragraph by a vote of two-thirds or more of its members present, the President shall immediately promulgate or execute the said measure, but in case the reconfirmed measure concerns legislation or conclusion of treaties, he may refer it to the People's Congress for final decision.

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Art. 71. - The President shall promulgate a measure presented by the Legislative Yuan for promulgation within thirty days after its receipt.

Art. 72. - Members of the Legislative Yuan shall not be held responsible outside of the said Yuan for opinions they may express and votes they may cast during the session.

Art. 73. - Without the permission of the Legislative Yuan, no member may be arrested or detained except when apprehended in flagrante delicto.

Art. 74. - No member of the Legislative Yuan may concurrently hold any other public office or engage in any business or profession.

Art. 75. - The election of Members of the Legislative Yuan and the organization of the Legislative Yuan shall be determined by law.

Section 4. The Judicial Yuan.

Art. 76. - The Judicial Yuan is the highest organ through which the Central Government exercises its judicial powers. It shall attend to the adjudication of civil, criminal and administrative suits and judicial administration.

Art. 77. - In the Judicial Yuan there shall be a President and a Vice-President who shall hold office for a term of three years to be appointed by the President of the Republic.

Art. 78. - Matters concerning special pardons, remission of sentences and restoration of civil rights shall be submitted to the President for action by the President of the Judicial Yuan in accordance with law.

Art. 79. - The Judicial Yuan shall have the power to unify the interpretation of statutes and ordinances.

Art. 80. - Judicial officials shall, in accordance with law, have perfect independence in the conduct of trials.

Art. 81. - No judicial official may be removed from office unless he has been subject to criminal or disciplinary punishment or declared an interdicted person; nor may a judicial official be suspended or transferred, or have his salary reduced except in accordance with law.

Art. 82. - The organization of the Judicial Yuan and the various Courts of Justice shall be determined by law.

Section 5. The Examination Yuan.

Art. 83. - The Examination Yuan is the highest organ through which the Central Government exercises its examination powers. It shall attend to the selection of civil service candidates by examination and to the registration of persons qualified for public service.

Art. 84. - In the Examination Yuan there shall be a President and a Vice-President who shall hold office for a term of three years, to be appointed by the President of the Republic.

The President of the Examination Yuan shall be responsible to the People's Congress.

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Art. 85. - The Examination Yuan shall, in accordance with law, by examination and registration determine the following qualifications:-

1. For appointment as a public functionary.

2. For candidacy to public office.

3. For practice in specialized professions and as technical experts.

Art. 86. - The organization of the Examination Yuan shall be determined by law.

Section 6. The Censor Yuan.

Art. 87. - The Censor Yuan is the highest organ through which the Central Government exercises its censorial powers. It shall attend to impeachment, discipline and punishment, and auditing and be responsible to the People's Congress.

Art. 88. - In the discharge of its censorial powers, the Censor Yuan may, in accordance with law, interrogate the various Yuans, Ministries and Commissions.

Art. 89. - In the Censor Yuan there shall be a President and a Vice-President who shall hold office for a term of three years and may be eligible for reelection.

Art. 90. - Members of the Censor Yuan shall be elected by the People's Congress from candidates separately nominated by the delegates of the various provinces, Mongolia, Tibet and Chinese citizens residing abroad. Each group of delegates shall nominate not more than two candidates. The candidates need not necessarily be delegates to the Congress.

Art. 91. - Members of the Censor Yuan shall hold office for a term of three years and may be eligible for reelection.

Art. 92. - When the Censor Yuan finds a public functionary in the Central or Local Government guilty of violation of a law or neglect of his duty, an impeachment may be instituted upon the proposal of one or more Members and the endorsement, after due investigation, of five or more Members. Impeachment against the President or Vice-President, the President or the Vice-President of the Executive Yuan, Legislative Yuan, Judicial Yuan, Examination Yuan or Censor Yuan may be instituted only upon the proposal of ten or more Members and the endorsement, after due investigation, of one-half or more of the Members of the entire Yuan.

Art. 93. - When an impeachment is instituted against the President or the Vice-President, or the President or the Vice-President of the Executive Yuan, Legislative Yuan, Judicial Yuan, Examination Yuan or Censor Yuan in accordance with the preceding article, it shall be brought before the People's Congress. During the adjournment of the People's Congress, the delegates shall be requested to convene, in accordance with law, an extraordinary session to decide whether the impeached shall be removed from office.

Art. 94. - Members of the Censor Yuan shall not be held responsible outside of the said Yuan for opinions they may express and votes they may cast whilst discharging their duties.

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Art. 95. - Without the permission of the Censor Yuan, no Member of the Censor Yuan may be arrested or detained except when apprehended in flagrante delicto.

Art. 96. - No Member of the Censor Yuan may concurrently hold any other public office or engage in any business or profession.

Art. 97. - The election of the Members of the Censor Yuan and the organization of the Censor Yuan shall be determined by law.

Chapter V. The Local Systems.

Section 1. The Provinces.

Art. 98. - In the Province, there shall be a Provincial Government which shall execute the laws and orders of the Central Government and supervise local self-government.

Art. 99. - In the Provincial Government there shall be a Governor who shall hold office for a term of three years. He shall be appointed and removed by the Central Government.

Art. 100. - In the province, there shall be a Provincial Assembly which shall be composed of one member from each district or municipality to be elected by the district or municipal council. Members of the Provincial Assembly shall hold office for a term of three years and may be eligible for reelection.

Art. 101. - The organization of the Provincial Government and the Provincial Assembly and its powers as well as the election and recall of the Members of the Provincial Assembly shall be determined by law.

Art. 102. - The government of areas not yet established as provinces shall be determined by law.

Section 2. The Districts.

Art. 103. - The district is a unit of local self-government.

Art. 104. - Matters of local nature shall be assigned to the local self-government.

The assignments of such matters to the local self-government shall be defined by law.

Art. 105. - Citizens of the district shall, in accordance with law, exercise the powers of initiative and referendum in matters concerning district self-government, as well as the powers of election and recall of the District Magistrate and other elective officials in the service of district self-government.

Art. 106. - In the district, there shall be a District Council, the members of which shall be directly elected by the citizens in the District General Meeting. Members of the District Council shall hold office for a term of three years and may be eligible for reelection.

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Art. 107. - District laws and regulations which are in conflict with the laws and ordinances of the Central or Provincial Government shall be null and void.

Art. 108. - In the district, there shall be a District Government with a District Magistrate who shall be elected by the citizens in the District General Meeting. The Magistrate shall hold office for a term of three years and may be eligible for reelection.

Only those persons found qualified in the public examinations held by the Central Government or adjudged qualified by the Ministry of Public Service Registration may be candidates for the office of District Magistrate.

Art. 109. - The District Magistrate shall administer the affairs of the district in accordance with the principles of self-government and, under the direction of the Provincial Governor, execute matters assigned by the Central and Provincial Government.

Art. 110. - The organization of the District Council with its powers and District Government as well as the election and recall of the District Magistrate and the Members of the District Council shall be determined by law.

Section 3. Municipalities.

Art. 111. - Subject to the provisions under this section, the provisions governing self-government of the district shall apply mutatis mutandis to the municipality.

Art. 112. - In the municipality, there shall be a Municipal Council, the Members of which shall be directly elected by the citizens in the Municipal General Meeting. One-third of the Members shall retire and be replaced by election annually.

Art. 113. - In the Municipality, there shall be a Municipal Government with a Mayor to be directly elected by the citizens in the Municipal General Meeting. He shall hold office for a term of three years and may be eligible for reelection.

Only those persons found qualified in the public examinations held by the Central Government or adjudged qualified by the Ministry of Public Service Registration may be candidates for the office of Mayor.

Art. 114. - The Mayor shall administer the affairs of the municipality in accordance with the principles of municipal self-government and, under direction of the competent supervising authority, execute matters assigned by the Central or Provincial Government.

Art. 115. - The organization and powers of the Municipal Council and Municipal Government as well as the election and recall of the members of the Municipal Council and the Mayor shall be determined by law.

Chapter VI. National Economic Life.

Art. 116. - The economic system of the Republic of China shall be based upon the Min Sheng Chu I (Principle of Livelihood) and shall aim at national economic sufficiency and equality.

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Art. 117. - The land within the territorial limits of the Republic of China belongs to the people as a whole. Any part thereof the ownership of which has been lawfully acquired by an individual or individuals shall be protected by, and subject to the restrictions of, law.

The State may, in accordance with law, tax or expropriate private land on the basis of the value declared by the owner or assessed by the Government.

Every land-owner is amenable to the duty of utilizing his land to the fullest extent.

Art. 118. - All subterranean minerals and natural forces, which are economically utilizable for public benefit, belong to the State and shall not be affected by private ownership of the land.

Art. 119. - The unearned increment shall be taxed by means of a land-value-increment tax and devoted to public benefit.

Art. 120. - In readjusting the distribution of land, the State shall be guided by the principle of aiding and protecting the land-owning farmers and the land-utilizing owners.

Art. 121. - The State may, in accordance with law, regulate private wealth and enterprises when such wealth and enterprises are considered detrimental to the balanced development of national economic life.

Art. 122. - The State shall encourage, guide and protect the citizens' productive enterprises and the nation's foreign trade.

Art. 123. - All public utilities and enterprises of a monopolistic nature shall be operated by the State; except in case of necessity when the State may specially permit private operation.

The private enterprises mentioned in the preceding paragraph may, in case of emergency for national defence, be temporarily managed by the State. The State may also, in accordance with law, take them over for permanent operation upon payment of due compensation.

Art. 124. - In order to improve the workers' living conditions, increase their productive ability and relieve unemployment, the State shall enforce labour protective policies.

Woman and children shall be afforded special protection in accordance with their age and physical condition.

Art. 125. - Labour and capital shall, in accordance with the principle of mutual help and cooperation, develop together productive enterprises.

Art. 126. - In order to promote agricultural development and the welfare of the farming population, the State shall improve rural economic and living conditions and increase farming efficiency by employment of scientific farming.

The State may regulate the production and distribution of agricultural products in both kind and quanity.

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Art. 127. - The State shall accord due relief or compensation to those who suffer disability or loss of life in the performance of military, labour or public services.

Art. 128. - The State shall give suitable relief to the aged, feeble or disabled who are incapable of earning a living.

Art. 129. - Whilst the following powers appertain to the Legislative Yuan in the case of the Central Government, they may be exercised by the legally designated organ if, in accordance with law, such matters may be effected independently by a province, district or municipality:-

1. To impose or alter the rate of taxes and levies, fines, penalties, or other imposts of a compulsory nature.

2. To raise public loans, dispose of public property or conclude contracts which increase the burden of the public treasury.

3. To establish or cancel public enterprises, monopolies, franchises or any other profit making enterprise.

4. To grant or cancel monopolies, franchises or any other special privileges.

Unless specially authorized by law, the government of a province, district or municipality shall not raise foreign loans or directly utilize foreign capital.

Art. 130. - Within the territorial limits of the Republic of China all goods shall be permitted to circulate freely. They shall not be seized or detained except in accordance with law.

Customs duty is a Central Government revenue. It shall be collected only once when the goods enter or leave the country.

The various grades of government shall not collect any dues on goods in transit within the country.

The right to impose taxes and levies on goods belongs to the Central Government and shall not be exercised except in accordance with law.

Chapter VII. Education.

Art. 131. - The educational aim of the Republic of China shall be to develop a national spirit, to cultivate a national morality, to train the people for self-government and to increase their ability to earn a livelihood, and thereby to build up a sound and healthy body of citizens.

Art. 132. - Every citizen of the Republic of China shall have an equal opportunity to receive education.

Art. 133. - All public and private educational institutions in the country shall be subject to State supervision and amenable to the duty of carrying out the educational policies formulated by the State.

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Subject: Government - General.

The Draft Constitution.

Art. 134. - Children between six and twelve years old are of school age and shall receive elementary education free of tuition.

Art. 135. - All persons over school age who have not received an elementary education shall receive supplementary education free of tuition.

Art. 136. - In establishing universities and technical schools, the State shall give special consideration to the needs of the respective localities so as to afford the people thereof an equal opportunity to receive higher education, thereby hastening a balanced national cultural development.

Art. 137. - Educational appropriations shall constitute no less than fifteen per cent. of the total amount of the budget of the Central Government and no less than thirty per cent. of the total amount of the provincial, district and municipal budgets respectively. Educational endowment funds independently set aside in accordance with law shall be safeguarded.

Educational expenditures in needy provinces shall be subsidised by the central treasury.

Art. 138. - The State shall accord encouragement or subsidy to the following enterprises or persons:-

1. Educational enterprises with a high record of achievement conducted by persons on private account within the State.

2. Educational enterprises of citizens residing abroad.

3. Persons who make discoveries and inventions along academic or technical lines.

4. Persons who are engaged in education having good records and long service.

5. Students of high scholastic attainments and good conduct who are unable to continue their education.

Chapter VIII. The Enforcement.

Art. 139. - The term "Law" as used in the Constitution means whatever may be passed by the Legislative Yuan and promulgated by the President as law.

Art. 140. - Laws in conflict with the Constitution shall be null and void.

Within six months after the passage of a law, whether such law is in conflict with the Constitution or not shall be brought forth by the Censor Yuan to the Judicial Yuan for interpretation, the detail of which shall be determined by law.

Art. 141. - Administrative orders in conflict with the Constitution or Statutes shall be null and void.

Art. 142. - The Constitution shall be interpreted by the Judicial Yuan.

Art. 143. - Before more than one-half of the provinces in the whole country have completely instituted local self-government, members of the

CHINA (Political)

Subject: Government - General.

The Draft Constitution.

Legislative Yuan and members of the Censor Yuan shall be elected or appointed according to the following provisions:-

1. One-half of the members of the Legislative Yuan shall be elected by delegates of the various Provinces, Mongolia, Tibet and citizens residing abroad to the People's Congress, who shall, at separate preliminary elections, nominate to the Congress accordingly on basis of the quotas provided under Article 67; and the other half thereof shall be appointed by the President upon the recommendation of the President of the Legislative Yuan.

2. One-half of the members of the Censor Yuan shall be elected by delegates of the various Provinces, Mongolia, Tibet and citizens residing abroad to the People's Congress, who shall, at separate preliminary elections, nominate to the Congress accordingly on basis of the quotas provided under Article 90; and the other half thereof shall be appointed by the President upon the recommendation of the President of the Censor Yuan.

Art. 144. - Magistrates of the districts which have not yet completely instituted local self-government shall be appointed and removed by the Central Government.

Art. 145. - The procedure to hasten the institution of local self-government shall be determined by law.

The preceding paragraph shall apply to municipalities which have not yet completely instituted local self-government.

Art. 146. - The powers of the First People's Congress shall be exercised by the People's Congress which enacts the Constitution.

Art. 147. - No amendment to the Constitution may be made unless it shall have been proposed by over one-fourth of the delegates to the People's Congress and passed by at least two-thirds of the delegates present at a meeting having a quorum of over three-fourths of the entire Congress.

A proposed amendment to the Constitution shall be made public by the proposer or proposers one year before the assembling of the People's Congress.

Art. 148. - All matters as provided in this Constitution which require separate enactment for the procedure of their enforcement shall be determined by law.

Source: Chinese Foreign Office.

Joseph W. Stilwell,

Joseph W. Stilwell,
Colonel, Infantry,
Military Attache.

SVC

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G-2 Report

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3000 - Government
OFFICE OF [illegible]
MIL. INTEL. DIV.

FEB 25

2657-D-404

WAR DEPARTMENT

CHINA (Political)

Subject: National Civil Affairs Conference

RECEIVED G/2 W. D. FEB 25 1931

As part of the program prescribed for the Period of Political Tutelage, a National Civil Affairs Conference, of some sixty odd delegates from the various provinces, was convened at Nanking on January 15, under the auspices of the Ministry of Interior, and lasted for ten days—— adjourning on January 24. Mr. Liu Shan-ching, the new Minister of Interior, presided as Chairman. This conference was originally scheduled for October 1, 1930, but was postponed due to conditions existing at that time.

The main purpose of the conference was supposedly to discuss problems of civil administration relative to the eventual establishment of District Autonomy and to propose practical solutions of same, but this seems to have been lost sight of in the numerous subjects taken up, for of the three hundred or more measures discussed there appears to have been little of a practical nature brought forth; however, many of the resolutions indicate an understanding of civic needs which, if possible of execution, would mean many steps forward towards self-government.

The Conference was formally opened with addresses by several prominent Party and Government Leaders, of whom President Chiang Kai-shek and Mr. Wang Chun-hui were the most important. President Chiang, reminiscent of his outspoken remarks at the recent Fourth Plenary Session, said in substance that "the broad principles of national reconstruction and improvement of civil administration having already been laid down by the late Leader, it only remained for the delegates to evolve practical programs to carry them into effect. The present Conference should bring about a closer link between the Central and local governments and a better appreciation of the problems with which each is being confronted. The question of the practical difficulty in the application of the Central Government's laws and ordnances in certain of the Districts should also find solution at the Conference. The Conference should aim, not at too ambitious schemes——schemes incapable of realization——but rather at definite and practical programs which, once adopted, the responsible officials must see, are actually translated into realities. The Conference should give careful consideration to such important questions as the restoration of social tranquility, alleviation of the people's sufferings, improvement of the people's means of living, adoption of measures to do away with the deplorable lethargy and indifference among the people, and the improvement of the morale of officialdom in the various local governments".

Speaking on behalf of the Central Party Headquarters, Mr. Wang Chung-hui pointed out that "one of the first requirements of a strong and prosperous State was an improved civil administration and it was upon the delegates present that the heavy responsibility of renovating and reforming the country's civil administration devolved. Although the sphere of civil administration, including as it did such questions as census of population, improvement of police works, promotion of public health, and suppression of banditry, was rather extensive, the problem that deserved the first attention was the enforcement of District Autonomy".

At the first general meeting of the Conference (afternoon of January 15) the following "Proposals Investigation Committees" were designated by the Chairman "for the preliminary examination of the numerous proposals, for report to subsequent general meetings":

From M/A, China Report No. 7930 January 29,1931

CHINA (Political)

Subject: National Civil Affairs Conference.

(1) Civil Affairs Committee
(2) Land Committee
(3) Police Affairs Committee
(4) Ceremonies and Customs Committee
(5) Health Committee

Kuo Wen (semi-official news agency) reports the following as some of the more noteworthy proposals, of the above committees, adopted; but those that can be admitted as practical are few and far between:

(1) Early enactment of regulations providing for the security and permanence of tenure during good behavior of government employees.
(2) Reform of officialdom and prevention of corruption.
(3) Selection and appointment of local government officials on a basis of merit.
(4) Training up of efficient Mongolian and Tibetan local officials.
(5) Migration of people to border provinces for colonization as well as for the consolidation of National Defence.
(6) Equitable distribution of food supplies.
(7) Issue of a circular order to the various provinces instructing the establishment of granaries as a preventive measure against food shortages.
(8) Opening of special institutes in the various provinces for the training of efficient administrative officials.
(9) Re-demarcation of the various provincial areas.
(10) Improvement of the living conditions of the peasants.
(11) Relief of famine refugees by providing appropriate work, such as land reclamation, road building and river conservancy.
(12) Expansion of the police force and training up of competent police officials.
(13) Promotion of the use of native products: Government officials must take the lead in the consumption, where feasible, of native products.
(14) Conversion of various temples and monasteries into buildings beneficial to the public.
(15) Curbing the political activities of religious organizations.
(16) Training the monks in useful occupations.
(17) Revival of China's time-honored virtues: recognition of the following virtues as the main guide in the training of the people——(1) Loyalty to country; (2) Filial piety; (3) Benevolence; (4) Love; (5) Fidelity; and (6) Peacefulness.
(18) Determination of new and more rational rites for observance of weddings, funerals, and other important occasions.
(19) Opening of factories to provide work for the unemployed.
(20) Opening of work-houses for the accommodation of paupers.
(21) To establish public cemeteries.
(22) Opening of more village schools.
(23) Completion of the organization of District Government in accordance with the new Law within the shortest time possible and realization of District Autonomy before the end of 1934.

G-2 Report

3000-Government
General

CHINA (Political)

Subject: National Civil Affairs Conference - cont'd.

Banditry suppression came in for its share of discussion but naturally no solution was suggested---the present bandit-suppression campaign of the Government being approved and a resolution holding the district magistrates responsible for bandit suppression being passed "in principle". Towards the end of the Conference, while discussing a bill dealing with the suppression of communist-bandits, the press gallery withdrew and decided not to report that particular session as a protest against certain remarks concerning the desire for secrecy of the bill and the possibility of there being communists among the pressmen.

The Conference formally concluded its sessions at three o'clock on January 24. President Chiang Kai-shek was present and when called upon to speak he praised the "accomplishments of the Conference, upon which all rehabilitation work of internal affairs was to be based", and urged the delegates, since they were all "leading officials in close contact with the people, to exert their utmost to put into force the many resolutions passed at the Conference".

The futility of application of the many proposals of this Conference is of course obvious, but it must be admitted that as a phase of political tutelage the meeting was not without value, for it provided the means of bringing together men from all over the country and gave them an opportunity to feel that they are part of the scheme of things. Many of these men were probably in Nanking for the first time and it is reasonable to suppose that most of them will return to their homes more impressed with the present government. To expect an immediate improvement in civil administration is naturally too much and more so, to expect it as a direct result of this Conference; but a foundation has been laid and a precedent established which can be expected to be reflected in the people having more of a voice in local government.

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

MBD

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3000 - Government General

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

2657-9-40

CHINA (Political)

Subject: The General Amnesty of January 1, 1931.

RECEIVED G/2 W. D. FEB 25 1931 WAR DEPARTMENT

The General Amnesty promulgated by the National Government on January 1, 1931, has its genesis in a telegram sent by Generalissimo Chiang Kai-shek, on October 3, 1930, to the National Government, definitely proposing a general amnesty for all political offenders. This proposal naturally aroused no little interest, for coming as it did when the defeat of the anti-government rebellion of the North was apparently but a matter of time, it could hardly be interpreted as a gesture designed to win over the opposing forces, yet it naturally brought up the question of the possibility of pardon being bestowed on "rebel" leaders. The Chinese Bar Association also developed an interesting line of thought in connection with the proposal, and advanced the plea that the amnesty should include all classes of convicted criminals, on the grounds that they were probably forced into crime by poverty resulting from the disturbed conditions of the country.

On November 14, 1930, at the First General Meeting of the Fourth Plenary Session of the Central Executive and Supervisory Committees, it was proposed that the government issue a general amnesty for all political offenders. On this same day a resolution was also passed "to the effect that in addition to Wang Ching-hui, Yen Hai-shan, Feng Yu-hsiang, and others already expelled, Chao Tai-wen, formerly President of the Control Yuan, Chao P'ei-lien, Ch'en Chia-yu and Ching Hun-yi, having participated in the recent illegal 'Enlarged Plenary Conference' at Peiping, be permanently expelled from Party membership". This resolution is important as the men named therein come under one of the classes excluded from the benefits of the Amnesty as eventually promulgated.

On December 27, 1930, the Legislative Yuan formally adopted a set of regulations providing for a grant of a general amnesty for all political offenders and immediately submitted it to the National Government for approval and subsequent enactment on New Year's Day. These regulations grant amnesty only to political offenders, and provide that those guilty of crimes punishable under ordinary criminal laws will not be pardoned. This proviso is apparently intended to off-set the plea of the Chinese Bar Association for amnesty to all prisoners, for to pardon a political offender who is also a criminal would naturally be equivalent to discrimination among criminals.

On January 1, 1931, the National Government promulgated "an act providing for an amnesty for political offenders". The official publication has as yet not come to the attention of this office but it is understood that the following article from a recent issue of a semi-government publication will be confirmed by the official regulations:

"The amnesty, as previously reported, will apply to all political offenders prior to December 31, 1930, with the exception of (1) ringleaders of revolts against the Party and the State, (2) unrepentant and incorrigible Communists, and (3) persons guilty of traitorous acts.

"Political offenders are described as persons who have committed crimes of civil disturbance, counter-revolutionary and other acts of similar nature. Persons for whom orders of arrest have been issued for political reasons are deemed to be 'political offenders'.

"Ringleaders of revolts denote persons under the following two categories:

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General

CHINA (Political)

Subject: The General Amnesty of January 1, 1931.

(1) Ringleaders of the revolt at Canton on June 16, 1922.
(2) Ringleaders of the Northern revolt and the recent illegitimate government set up at Peiping on September 9, last year (1930).

"Unrepentant communists are those who have not voluntarily surrendered themselves to justice and confessed their guilt.

"Persons guilty of traitorous acts are persons guilty of the crime of conspiracy with foreign countries for the overthrow of the Government and other crimes of like nature.

"Political offenders guilty of other crimes punishable under ordinary criminal law will not be pardoned, however.

"In the case of Communists who truly repent of their misdeeds within three months after the issue of the amnesty and are also able to produce guarantors who will be responsible for their future conduct, a reprieve for three years will be granted."

Kuo Min (official government news agency) announces the following as the procedure to be followed in applying the Amnesty:

"In a circular order to the various Provincial Higher Courts yesterday (January 12), the Ministry (of Judicial Administration) instructs that Special Committees to sanction pardon of the political offenders be immediately formed in accordance with the Regulations (governing the General Amnesty). The Committee will be composed of the President of the Provincial Higher Court, Chief Procurator, two Judges of the Provincial Higher Court, and one Procurator of the Provincial Procuratorate.

"Political offenders entitled to the benefit of the Amnesty, whether under detention or at large, must file petitions with the District Courts of the districts in which they are domiciled. Such petitions will be forwarded by the District Courts to the Special Committees of the Provincial Higher Courts concerned. The Committee, if satisfied that the petition comes within the provisions of the Amnesty Regulations, shall order his pardon and release, and report to the Ministry of Judicial Administration for record.

"The procedure for the pardon of political offenders who were convicted by military courts will be announced separately."

Concerning the functioning and the extent of the benefits of the Amnesty, the only information on hand to date is a report that the Special Committee of the Kiangsu Provincial Higher Court "is understood to have already sanctioned the pardon of more than 200 political offenders. A number of persons were released yesterday (January 17) on bail". (Kuo Min.)

Just how generally the Amnesty will be applied remains to be seen, but on the face of it, the Party leaders appear to have acted with consideration and tolerance towards the adherents of political principles other than their own and by so doing have no doubt materially leavened the bitterness of many a prisoner. One seems safe in saying that if followed in spirit, the General Amnesty is to the credit of the present Government.

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

MBD

NO OBJECTION TO
UNLIMITED CIRCULATION
OFFICE CHIEF OF 3000
M.I. INTEL. DIV.

G-2 Report

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MAY 9 1932
2657-J-406

CHINA (Political)

Subject: Organic Law of the Central Executive Committee

WAR DEPARTMENT
RECEIVED G/2 W. D. MAY 9 1932

The following translation of the Organic Law of the Central Executive Committee, passed in a meeting of the CEC on January 25, 1932, appeared in the HUA PEI JIH PAO of January 26, 1932:

Article 1. The Central Executive Committee shall consist of 172 members.

Article 2. The Central Executive Committee shall create a Standing Committee which shall consist of nine Permanent Members elected by all members of the C.E.C. and which shall carry out all affairs of the Committee.

Article 3. All plans regarding Party affairs, decisions relating to laws and rules, appointments, changes, and transfers of members of the staff, and disbursement of Party expenses shall be decided upon and put into effect by the Standing Committee.

Article 4. Under the Standing Committee there shall be created the Secretariat, Organic Commission, Propaganda Commission, Directing Commission of Mass Movements, and Overseas Party Affairs Commission to handle the affairs of each Commission.

Article 5. The Secretariat shall have a Secretary-General, which post shall be held concurrently by a member of the Standing Committee. Each commission shall have nine members, from among whom a chairman and vice-chairman shall be elected by the Standing Committee to handle affairs.

Article 6. The Secretary-General, Chairman and Vice-Chairman of Commissions shall attend all meetings of the Standing Committee.

Article 7. In case of necessity, the Standing Committee may create special commissions.

Article 8. Organic Laws for the various departments and commissions shall be separately fixed.

ORGANIC LAW FOR THE VARIOUS COMMISSIONS

(Passed in a meeting of the CEC on January 25,1932)

Article 1. Meetings of the various commissions shall be attended by a majority of members. In case there are not enough members to form a quorum, the Chairman and members present may take temporary action in regard to emergency matters.

Article 2. Each commission shall meet at least once a week. In case of necessity, the Chairman may convene an emergency meeting.

Article 3. The resolutions of each Commission and matters referred by the Central Executive Committee for action shall be severally carried out by the Chairman and members.

From M/A, China Report No. 8254 April 11, 1932

CHINA (Political)

Subject: Organic Law of the Central Executive Committee

Article 4. Each commission may enact laws and rules and issue orders provided they are not in contravention of the laws and ordinances of the Central Government.

Article 5. Disputes between one commission and another shall be submitted to the Standing Committee for decision.

Article 6. The Chairman of each Commission shall preside over all meetings of the Commission.

Article 7. In case the Chairman of a Commission is absent, the Vice-Chairman shall perform the duties of Chairman on his behalf.

Article 8. The Chairman of each Commission shall have the right to command and supervise the affairs of the Commission and of the employees.

ORGANIC LAW FOR THE VARIOUS DEPARTMENTS AND COMMISSIONS

(Passed at a meeting of the CEC on Jan. 25, 1932)

Article 1. Each department or commission shall have one to three secretaries who shall, in compliance with the instructions of the Secretary-General or the Chairman of the Commission, assist in the handling of the affairs of the department or commission.

Article 2. Under each department or commission there may be created the necessary sections. Under each section there may be established sub-divisions. Each section shall have a sectional chief and each sub-division shall have a senior officer; they shall be held responsible for handling the affairs of the respective sections.

Article 3. Each department or commission may, depending upon the amount of work, employ several officials and clerks.

Article 4. Secretaries and sectional chiefs of each department or commission shall be designated by the respective department or commission and recommended by the Chairman to the Standing Committee for appointment.

For and in the absence of the Military Attache:

Parker G. Tenney
Captain, Field Artillery
Assistant Military Attache

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3000 -Government, General

G-2 Report

CHINA (Political)

MAR 14 1931

2657-D-406

WAR DEPARTMENT

Subject: Changes of Titles of Party and Government Bodies.

RECEIVED G/2 W. D. MAR 13 1931

The Ministry of Foreign Affairs has recently formally announced that the National Government has adopted Kuo-min Cheng-fu Hui-yi and Kuo-wu Hui-yi as official translations for meetings of the National Government Council and of the (new) State Council, respectively.

The National Government Council is the former State Council and the present designation of State Council replaces the designation of former meetings of the Executive Yuan. The Executive Yuan retains its designation as such but when in deliberative session is now known as the State Council.

These are changes in the Organic Law which were adopted at the Fourth Plenary Session of the Central Executive Committee. The actual changes in the Organic Law as adopted (on November 17) are as follow:

(Old Law) Art. 11. - The National Government shall conduct National affairs through the State Council (Kuo-Wu-Hui-I).

The State Council shall be composed of the State Councillors of the National Government, and the President of the National Government shall be the Chairman of the State Council.

(Revised Law) Art. 11. - The National Government Council (Kuo-Min-Cheng-Fu-Hui-I) shall be composed of the Councillors of the National Government, and the President of the National Government shall be the Chairman of the National Government Council.

(Old Law) Art. 13. - All laws promulgated and all mandates issued by virtue of a decision of the State Council shall be signed by the President of the National Government and countersigned by the Presidents of the five Yuan.

(Revised Law) Art. 13 - All laws promulgated shall be signed by the President of the National Government and countersigned by the President of the Legislative Yuan. All mandates issued shall be signed by the President of the National Government and countersigned by the President of the Yuan concerned.

(Old Law) Art. 21. - Meetings of the Executive Yuan shall be attended by the President, the Vice President, the Ministers of the various Ministries, and the Chairmen of the various Commissions, and presided over by the President of the said Yuan.

(Revised Law) Art. 21. - The State Council (Kuo-Wu-Hui-I) shall be composed of the President and Vice President of the Executive Yuan, the Ministers of the various Ministries, and the Chairmen of the various Commissions, and the President of the Executive Yuan shall be Chairman of the State Council.

From M/A, China Report No. 7938 February 11, 1931

G-2 Report

3000 - Government
General

CHINA (Political)

Subject: Changes of Titles of Party and Government Bodies.

The day after these changes were promulgated, the Central Executive Committee appointed President Chiang K'ai-shek to serve concurrently as President of the Executive Yuan and ex officio as Chairman of the (new) State Council. In this connection, the Kuo Min News Agency comments as follows: "It should be emphasized that the President of the National Government, either under the old or the new Organic Law, does not automatically become President of the Executive Yuan. The fact that President Chiang K'ai-shek has had to be appointed by special resolution of the Plenary Session to serve concurrently as President of the Executive Yuan indicates that the appointment is a matter of temporary expediency due, probably, to the exigencies of the present situation".

The change with respect to the Executive Yuan is most confusing. A new organ, the (new) State Council, has been created. It exists, however, only as meetings of the Executive Yuan. The wording of the change - "the President of the Executive Yuan shall be Chairman of the State Council" - indicates two separate bodies, yet the composition of each is the same and it is difficult to understand what difference of power, or authority, (presumably intended) is delegated to them. When now reading of any decisions of the State Council, it is important to understand that they are really decisions of the Executive Yuan.

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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3390 - Judiciary
Miscellaneous

OFFICE M.I. INTEL. DIV.
MAY 15 1931
WAR DEPARTMENT

2657-J-407

CHINA (Political)

Subject: Disciplinary Law For Officials.

RECEIVED G/2 W. D. MAY 12 1931

The draft law governing the discipline of Government officials was adopted at a meeting of the Legislative Yuan on March 28, 1931. The following is a summary of the new law, as published by the Kuo Min news agency:

Article 1 of the new law provides that, unless otherwise provided, Government officials will not be liable to discipline except in accordance with the present law. Officials found guilty of the following offences will be liable to discipline:

(1) Violation of law.
(2) Neglect of duty or other default.

The disciplinary measures to be imposed on officials convicted on the above-mentioned charges will be as follows: (1) Dismissal, (2) degradation, (3) reduction of salaries, (4) demerits or (5) reprimand.

"Political officials" will not be liable to the disciplinary measures mentioned in (2) to (4) inclusive.

Where any Government official is found by the Control Yuan to be guilty of the offences mentioned above, the impeachment charge, together with the evidence, will be forwarded to the following disciplinary organs for trial and punishment:

(1) To the Central Supervisory Committee of the Party: in case the persons impeached are State Councillors;
(2) To the National Government: in case the persons impeached are "political officials" other than those mentioned in the preceding paragraph; and
(3) To the officials' disciplinary committee: in case the persons impeached are "administrative officials".

Where any of the heads of the yuan, ministries, commissions or any of the highest local Government heads, finds his subordinate officials guilty of the offences mentioned above, he will forward the case, together with a written statement of reasons and the evidence, to the Control Yuan for investigation and impeachment. Where the subordinate officials in question are below the Tsien-jen rank (3rd rank), he may forward the case direct to the officials' disciplinary committee concerned for trial and discipline.

The responsible heads of Government organs may impose, at their own discretion, the following disciplinary measures on their subordinate officials below the Tsien-jen rank (without having to refer the case to the officials' disciplinary committee): (1) Demerits or (2) reprimand.

Where necessary, the disciplinary organ may appoint a special committee to investigate into the case referred to it for discipline; or may request the other Government judicial or administrative organs to conduct the necessary investigations.

Upon the receipt of any impeachment charge, the disciplinary organ will forward a copy of the charge to the accused official as well as fix a period within which he will file his defence. In case of necessity, a disciplinary organ may also directly interrogate and examine the accused.

From M/A, China Report No. 7992 April 14, 1931

CHINA (Political)

Subject: Disciplinary Law For Officials.

Where the accused official fails to file his defence within the prescribed period, or fails to present himself for interrogation, the disciplinary organ may render its decision in the absence of any defence.

In the event of any case being considered extraordinarily serious, the disciplinary organ may request the responsible Government authorities to suspend the accused official from duty pending investigation. This provision will also be applicable to cases in which the head of a central Government organ recommends to the Control Yuan the impeachment of his subordinate officials.

A Government official, in any of the following circumstances, will be automatically suspended from duty:

1. Where he has been arrested on criminal charges and is still under detention during the progress of criminal proceedings.

2. Where he has been deprived of civil rights by a final judgment in a criminal case.

3. Where he has been sentenced to a penalty higher than detention, and is still serving out his sentence.

Any act done by officials suspended from office in accordance with the above provisions will be considered null and void.

The provisions of the Criminal Procedure Code concerning the withdrawal of judges (from cases in which their participation would be considered inequitable) are applicable also to the members of the disciplinary organ.

The decision of the disciplinary organ must be approved by a majority of the members present at the meeting.

A written judgment, signed by all the members of the disciplinary organ concerned, must be made; copies of the judgment will be forwarded to the accused official, and will be published in the Government Gazette or Provincial or Municipal Gazette, as the case may be. The Control Yuan as well as the Government organ to which the accused belongs will also be notified of the decision.

Where the offence for which an official is recommended for discipline constitutes also a crime, the disciplinary organ concerned will forward the case to the judicial tribunal having jurisdiction.

Where a certain act of an official has already been made the object of criminal investigation or trial, no disciplinary proceedings concerning the same act will be opened.

Where, during the progress of disciplinary proceedings, criminal proceedings concerning the same offence are opened, the former will be suspended until the final decision of the criminal case.

In cases where the procurator has announced a decision of nolle prosequi or where the Court finds the accused "not guilty" of the legal

CHINA (Political)

Subject: Disciplinary Law For Officials.

charge, disciplinary measures may still be imposed upon the official involved for the same act.

Where a criminal sentence has already been passed upon an official but no deprivation of civic rights is ordered, the official involved is still liable to disciplinacy measures.

Nelson E. Margetts
Lieutenant-Colonel, Field Artillery
Military Attache

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3100-Executive Department; constitution, functions and responsibilities.

9-1

CHIEF OF STAFF
M.I. INTEL. DIV.
MAY 15 1931
WAR DEPARTMENT

2657-9-407

CHINA (Political)

Subject: Functioning of the Control Yuan.

RECEIVED G/2 W. D. MAY 12 1931

Since the induction into office on February 2, 1931, of Mr. Yu Yu-jen, as Director of the Control Yuan, interest has been directed as to what procedure would be employed in carrying out the duties of the Yuan——particularly that of impeachment.

The general duty of the Control Yuan is to ensure a clean government. The very nature of this duty makes it advisable that the Yuan members be as representative of the country as possible. This the government has brought about by appointing the twenty-three members who now compose this body.

To enable it to keep in close touch with officialdom, a censorial system is to be enforced. For this purpose the country will be divided into districts (presumably according to density of population) and a Censor Bureau established in each. In some cases a district will be but one province, in others, two or three. The government, at the instance of the president of the Yuan, is to appoint a censor-commissioner to take charge of each district. The censor-commissioner's duty will be to acquaint himself with all of the officials in his district and to travel around within it on tours of investigation.

Impeachment proceedings may be brought against officials by either the people or the Control Yuan.

In the first case, the complainant must first secure three or more shop-guarantees and affix them to his petition. This he presents to the Yuan. In it he must explain his case in detail. The president of the Yuan, after a careful study of the petition, will then appoint three members to investigate it. If this committee finds that sufficient evidence exists, the case is then to be brought before a meeting of the Yuan to determine what action should be taken.

In the second case, officials may be impeached directly by the Yuan. In this case a petition is drawn up and signed by at least three members. The president, after making his study, will then present the petition to another three members for investigation. The procedure from then on is the same as in the first case.

In both cases the complaining party is never announced but he is directly responsible to the Yuan for the case he instigates. If necessary the investigating committee may call him as a witness.

Officials found guilty will be subjected to one of the following grades of punishment:

1. Warning,
2. Demerit,
3. Salary reduction,
4. Degradation,
5. Dismissal.

From M/A, China Report No. 7989 April 11, 1931

G-2 Report

CHINA (Political)

Subject: Functioning of the Control Yuan.

In cases of high officials, the punishment will be inflicted by the National Government. The punishment in the cases of other officials will be carried out by the highest official under whose control the offender was impeached. In cases involving bribery or criminal offences, the Yuan will refer them to the regular courts to be dealt with in the ordinary process of law.

The auditing power vested in the Control Yuan will be exercised through an Auditing Ministry. To ensure a close supervision over the provincial and national accounts, auditing departments, under the Auditing Ministry, will be established in the various provinces.

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N E Margetts

Nelson E. Margetts
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G-2 Report

Y-1

3850 - Foreign Relationships-Passports

OFFICE CHIEF OF STAFF
M.I. INTEL. DIV.
JUN 265-J-410 1931

CHINA (Political)

Subject: New Passport Regulations.

RECEIVED G/2 W. D. JUN 12 1931

WAR DEPARTMENT

Aliens entering China are now being required to comply with the passport regulations which not long ago were issued by the National Government. These regulations are as follows:

Art. I. Unless otherwise provided, all aliens entering Chinese territory shall present passports for examination in accordance with the following regulations.

Art. II. Passports of aliens entering China shall bear the name, sex, age, nationality, residence, occupation, purpose of entering China, and a photo of the person concerned and shall be counter-signed by the Chinese Consul in the foreign country concerned.

Art. III. When aliens intending to enter China are accompanied by families and servants, one passport for the family and servants shall be sufficient provided the children are non-adults and the passport bears the names and photos of all persons concerned.

Art. IV. The examination of passports of aliens entering China shall be made by officials of administrative organs who, whenever necessary, may obtain the assistance of Maritime or Native Customs officers and, if necessary, the Central Government may send officials to supervise such examinations.

Art. V. Aliens will be prohibited from entering China when they are found (a) to have failed to provide themselves with or bring the necessary passports; (b) to have refused to present their passports for examination; (c) to be in possession of illegal or forged passports; (d) to have committed acts injurious to the Kuomintang or to China; (e) to have committed offences against public order and peace; (f) to be beggars or undesirables; (g) to have brought contraband or articles which are detrimental to public morality; or (h) to have been served with a deportation order.

Art. VI. Aliens entering China may temporarily be detained when officials who examine their passports entertain doubts concerning their passports, in which case the examining officials shall ask their superiors for instructions as quickly as possible.

Art. VII. Sections (d), (e), (f), (g) and (h) of Article V. and Article VI. shall be applicable to aliens who are not required to bring passports under treaty stipulations.

Regulations governing the enforcement of the above regulations are as follows:

Art. I. Passports shall be examined at the following places:

(a) Land

Manchouli	Harbin	Chienshan	Mongtse
Suifengho	Chingchow	Tungshing	Hokow
Hui-chung	Tacheng	Tengyu	Lungchow
Yenchi	Kowloon	Szemau	

From M/A, China Report No. 8012 May 13, 1931

CHINA (Political)

Subject: New Passport Regulations.

(b) Ports

Canton	Weihaiwei
Pakhoi	Lungkow
Samshui	Tientsin or Taku
Kongmoon	Chinwangtao
Chungshan (Tongkawan)	Hulutao
Swatow	Yingkow
Amoy	Woosung --- (When foreigners do
Foochow	Antung not land in Shanghai,
Shanghai	Aihui but proceed to Yangtze
Tsingtao	Tahaho River ports, their
Chefoo	Tungkiang passports shall be examined at Woosung.)

(c) Air Routes

Pending the establishment of aviation stations in China, the examination of passports of foreigners arriving in China by aeroplane shall be made at the place where the aeroplane makes its first landing.

Art. II. A separate set of regulations shall be drafted by the Government governing the examination of passports of foreigners along the borders of Mongolia and Tibet.

Art. III. Aliens who are prohibited from entering China in accordance with Art. V. of the first set of regulations may be sent to their consular authorities in China to be dealt with when they are found to be unable to return to their own country for financial or other reasons.

Art. IV. When the examination officials require the assistance of Maritime or Native Customs officers, a report of the measures relating to such assistance shall be submitted by these officials to their superiors for consideration.

Art. V. Aliens' passports, after being examined by the officials at the place of entry, shall be subject to further examination by the administrative officials in the interior who may detain any person or persons who are found to have committed acts prescribed in Art. V. of the first set of regulations or found to have carried passports which have not been "stamped" or "chopped" by the examination officials, in which case the officials in the interior shall immediately ask their superiors for instructions.

Art. VI. Examination officials shall not demand any fees from the foreigners whose passports they examine.

Art. VII. Examination officials shall, whilst performing their duty, wear uniforms and display the necessary badges.

Art. VIII. Examination officials shall give aliens entering China various forms which shall be filled in.

G-2 Report

3850 - Foreign Relationships - Passports

CHINA (Political)

Subject: New Passport Regulations.

Art. IX. Examination officials, having examined the passports, shall "stamp" such passports with a stamp bearing the Chinese characters "Passport Examined".

The forms mentioned in Article VIII. above are similar to those in use in other foreign countries.

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G-2 Report

2040 - Social and Intellectual Classes and Groups

FOR OFFICIAL USE ONLY

6-1

CHINA (Population & Social Conditions)

Subject: The New Life Movement

OFFICE CHIEF OF STAFF
SEP 27 1934
MIL. INTEL. DIV.
WAR DEPARTMENT
2657-D-446
RECEIVED G/2 W. D. SEP 26 1934

Attached hereto is a pamphlet giving a summary of the translation from a pamphlet, issued at Nanchang, by General Chiang Kai-shek.

Source: Translation of Chiang Kai-shek's writings on "The New Life Movement".

COMMENTS: It was thought that the initial enthusiasm in propagating the "New Life Movement" was merely an attempt to flatter Chiang Kai-shek, the father of the scheme. However, within the last six months, groups have been organized in practically all of the principal cities in China and a whole-hearted attempt is being made to induce the people to observe the tenets of the "New Life".

In some Chinese quarters there is expressed an apprehension that the movement will be used as an implement to solidify further Chiang Kai-shek's position as a potential dictator of China; on the other hand, some members of the intelligentsia — not only the group opposed to Chiang but those pro-Chiang — appear to disapprove of the "New Life". A few of these have brought up the point that the movement is strikingly similar to that out of which sprang the T'aiping Rebellion, only on a much saner basis. They point out the fact that the Hung credo rejected the use of tobacco and opium, condemned bribery, advocated the wisdom of early rising, personal cleanliness, and planned the regimentation of the individuals whole existence toward the achievement of a patriotic motive. Hung's "religion" is said actually to have offered a "New Life" and the parallel to the present "New Life" is obvious.

At any event, the movement has certain political potentialities, but in its present state it is too superficial to liken it to Italian Fascism or to the Nazi movement in Germany. However, it does affort an effective rallying point for the friends of the National Government, when the necessity arises, to support Chiang Kai-shek and serves also as an excuse of assuring him the publicity of their co-operation.

As previously reported, it is evident that the Nanking Government is making every effort to divert the attention of the Chinese people away from external matters, particularly Sino-Japanese relations. There is a concerted effort in every public speech and announcement to stress internal reconstruction and national unity. There is no doubt that the "New Life Movement" has this in view and its inception by Chiang was originally planned for this purpose. Naturally the greatest activity in this movement is still to be found in the territory controlled directly by Nanking.

From M/A, China Report No. 8904 August 29, 1934

G-2 Report

2040- Social and
Intellectual
Classes & Groups

CHINA (Population &
Social Conditions)

Subject: The New Life Movement

Chiang Kai-shek has not forgotten to foment this same unity of purpose throughout his military establishment. He is using the agencies of the "Officers Moral Endeavor Society" to spread the "New Life Movement" throughout the Army. This Society was organized originally to help build up an officer corps and keep alive the officers' loyalty to the Central Government and Chiang Kai-shek after graduation from the Central Military Academy.

2 pamphlets attached.

W. S. Drysdale

W. S. Drysdale
Lieutenant-Colonel, Infantry
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Distribution:
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1 File

CHINA CHRONICLE NO. 2-8.

SEP 27 1934

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
2657-9-446

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WAR DEPARTMENT

THE NEW LIFE MOVEMENT

By

General Chiang Kai-shek

PEIPING

THE PEIPING CHRONICLE

June, 1934

Price: 30 Cents

THE NEW LIFE MOVEMENT

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THE NEW LIFE MOVEMENT

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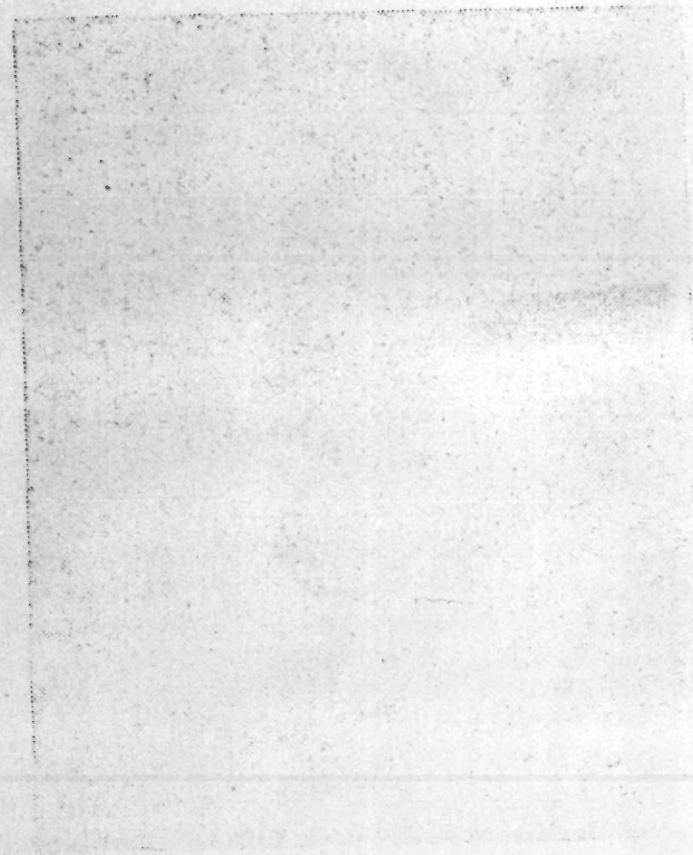
GENERAL CHIANG KAI-SHEK



THE NEW LIFE MOVEMENT.

A great deal has been heard during the past few weeks about the "New Life" Movement, but there is generally only a vague idea what is involved, what is implied, in it. In some quarters it has been likened to the Oxford Group Movement, not because of any similarity in the content or the ideals of the two Movements, but because the New Life Movement and the Group Movement both involve a return to a more or less primitive simplicity, in the one case a primitive Christian simplicity, and in the other the moral simplicity of an earlier Chinese age. This would seem to be about the limit of resemblance between the two movements. What the New Life Movement means may be gathered from a pamphlet just issued from Nanchang, in which GENERAL CHIANG K'AI-SHEK the "Father of the Movement", expounds its principles at some length. We cannot here give a complete translation of this interesting document, but a summary may perhaps be not unwelcome.

The pamphlet, which is entitled "The Principles of the New Life Movement", is divided into six sections, treating of the various aspects of the Movement. The first section deals with the purpose and aim of the Movement, which is described as "seeking to revolutionize our existing mode of life, which is incompatible with our environment, thereby bringing our lives more completely into accord with modern conditions, but basing them on the old virtues of *Li*, *Yi*, *Lien* and *Chih*, that

is to say, Good Manners, Chivalry, Honesty and Decency. The next section goes to the heart of things by asking, What are the fundamental concepts of the New Life Movement? and then deals with them under the headings: "What is Life?", "What is New Life?", and "What is meant by the New Life Movement?" These concepts having been examined and expounded the pamphlet goes on in the third section to explain the need for some such movement in China today, from which it passes to GENERAL CHIANG'S detailed exposition of what the four virtues enumerated above really mean, and how they are to be interpreted in the light of the conditions of today. They are brought into touch with reality by being discussed in their direct relation to questions of food, clothing, shelter and even deportment.

The inner meaning of the Movement having been explained, the pamphlet deals, in its fifth section, with the various methods by which the Movement may be spread to different parts of the country and amongst different classes of the people. The movement involves investigation, planning and promotion: investigation into presentday conditions, planning for the future and promotion of the ideals of the movement amongst all classes. Naturally these involve expense, but expenses are to be reduced to a minimum and should be borne by those directly concerned. The soliciting of subscriptions and contributions from outsiders is strictly forbidden. It is also strongly emphasized that officials, teachers and others interested in the movement are not to allow their enthusiasm to run away with them, so that their regular duties are interfered with; whilst processions and demonstrations are to be arranged only for spare time. This, it may be surmised, will hardly add

to the popularity of the Movement in places where they spend their time in evading study.

GENERAL CHIANG concludes by declaring that if China is again to become strong and prosperous, and is to take her rightful place in the comity of nations, her national life must be rationalized and disciplined. Of this there can scarcely be any doubt. Periods of revolution do not tend to carry discipline too far. Certainly the past twenty-three years have seen considerable relaxation of discipline in this country, whether in education, in official life, in commercial morality or in matters domestic; and if GENERAL CHIANG can restore something of the sternness and severity and sobriety of the past through the New Life Movement he will have rendered a notable service to his country. The movement is making great headway, and deserves close observation. In the course of the next few days we shall give more extended notice of the pamphlet before us. It is as well that its full contents should be known, for there is every probability that the Movement itself, being in part directed towards securing a strong and united China, will be roundly denounced in certain quarters where such a China is regarded as a consummation most vigorously to be opposed and if possible prevented.

THE NEW LIFE MOVEMENT

By General Chiang Kai-shek

A. The Purpose and Aim of the Movement

The New Life Movement aims at revolutionizing the mode of life of the whole of the Chinese people. It seeks by the application of the simplest and most effective methods possible to eradicate from the people those habits that are no longer suited to the times and to replace them with a new mode of living in accord with the spirit of the age in which we live. In other words, the movement stands for the rationalization of the lives of the people, and it based on the traditional virtues of China as expressed in these characters, *Li*, *Yi*, *Lien*, and *Chih*.

The Chinese people used to set great store on these traditional virtues, the revival of which is imperative and essential to the welding of China into a modern nation.

With a civilization of more than 5,000 years the Chinese people attained long ago a high degree of refinement in matters of food, clothing, shelter and deportment, but owing to their neglect of such traditional virtues as *Li*, *Yi*, *Lien* and *Chih*, they are living today under conditions which suggest that they have just emerged from savagery.

China has 35,000,000 square *li* of territory and abounds in natural resources, which if developed, could easily make this country one of the wealthiest nations of the world. Yet there is widespread poverty and misery in the land. This again is due to the neglect of the traditional virtues of China, namely, *Li*, *Yi*, *Lien*, and *Chih*.

China has 400,000,000 people who used to be well organized in all the essentials of life. But what spectacle do our people present to the rest of the world today? They are disorganized, indolent, cowardly and torn between conflicting perverse teachings, leading a life little better than that of savages. This again is due to the neglect of *Li*, *Yi*, *Lien*, and *Chih*.

While it is true that the removal of the existing crude and degrading modes of life of the Chinese people in favour of

one of refinement depends to a great extent on the revival of the old virtues of *Li*, *Yi*, *Lien* and *Chih*, it is equally true that under present circumstances, when society is in a state of chaos, when perverse ideas have permeated the country, and when the great majority of the people are sunk in pleasure and indolence, immediate success can hardly be expected to attend the introduction of political measures or the inculcation of teachings of the right sort. If the modes of the living of the people are to be improved, a start must be made first with the rectification of their bad habits. For this reason, the New Life Movement offers the only road to the salvation of China.

B. The Fundamental Concepts of the New Life Movement

(*1*) *What is meant by "Life".*

Our late Chungli, Dr. Sun Yatsen, said: "Min Sheng means the life of people, the existence of society, the livelihood of the citizens of the country and the welfare of the masses." Although the problem of the livelihood of the people, or Min Sheng, may be considered from four angles, the question of life is really the monifestation of the other three aspects of the problem of the people's livelihood. For the continued existence of society certain guarantees are necessary. As regards the problem of the livelihood of the people, there must be room for development and expansion. For the continuity of life, propagation is necessary. Life is the manifestation of all these activities. In other words, life is a general term for all human activities.

(*2*) *What is meant by "New Life".*

All activities arising from the propagation of the race, from the preservation of life and also from the development of the livelihood of the people assume different forms at different times and under different conditions. Sometimes the environment also changes. Not until a man "renews himself daily", can he hope to have a rich and abundant life. The life of a people must accord with the time and environment in which it lives. A new life is possible only when there is a complete break with the lod modes of living.

(*3*) *What is meant by the New Life Movement.*

Whether the people have a rich and abundant life depends primarily upon the existence of good government and on the extension of sound political institutions, but this has a close

connexion with costoms and usages.

It during the transition from an old social order to a new one nothing is done to assist the introduction and spread of new political institutions by the introduction of new customs and usages, such new institutions are liable to be stultified in their development. In other words, they must be assisted by the inculcation of new ideas preparing the minds of the people for their reception. For this reason, every country makes the task of changing the customs and usages of the people its first concern during the transition from the old to the new, for this is more important than anything else. This work may be described as the work of the New Life movement. The extension and progress of the movement depends upon the extent to which the people realize its need. It should begin with individuals and later spread to families and the community at large. It serves as the vanguard of the political authorities, but it should not depend upon the latter for its success.

C. The Objects of the New Life Movement

(1) Why a "New Life" is necessary.

The attitude of mind of the great majority of Chinese today is marked by drift and insipidity. This expresses itself in acts which do not distinguish between good and evil, right and wrong, and private interests and public welfare. Hence, our officials are hypocritical, greedy and corrupt; our people are disorganized and indifferent to the welfare of the nation; our youths are degenerate and irresponsible; and our adults are vicious and ignorant. The rich are given to pleasure and extravagance, while the poor are low, filthy and groping in the dark. All this has led to a complete breakdown of authority and discipline, resulting in social unrest, which has in turn made us helpless in the face of natural calamity and foreign aggression. If this state of affairs is allowed to continue any longer, it will be impossible for use even to lead the present kind of existence for very long. For this reason, if we are to develop and prolong the life of the Chinese race, to safeguard the existence of society and to make provision for the livelihood of the masses, we must do away at once with the various pathological symptons which we have described above, and introduce an entirely new mode of living.

(2) Why a "New Life" Movement is needed.

To rebuild the life of the people in accord with modern conditions, especially to build a new social order, resort has to be made to political reform, particularly education, but in the past education and politics in China have suffered from one besetting sin, namely, cant and

hypocricy. This has led to the ineffectiveness of laws, the uselessness of technical talent and the importency of machines. Where a Chinese is placed in the post formerly occupied by a foreigner, it invariably happens that the Chinese official cannot attain the same degree of efficiency as the foreigner. This is true of machines. Run by a Chinese, a machine cannot yield the same output as it does when under foreign supervision. If we want to make our laws effective, the thing to do is nor to improve the laws, but to get the right men to administet them. The same is true of machines. Structually, there is nothing defective about them: what is needed is the right men to operate them. It is true that politics and education have an important rôle to play in the formation of character, but at the same time it is equally true that social customs and usages exercise a more important influence over the lives of men.

That the Government will exert itself for political reform goes without saying. Unless we are prepared to let the nation go under without a struggle during the present national crisis, we must act resolutely to put a stop to the present state of affairs and throw ourselves into the work of social reform. In short, we must make a clean sweep of the existing social abuses and evils and take prompt measures to foster what is best and vital in society. This is the mission of the New Life Movement.

D. The Contents of the New Life Movement

(*1*) *The Code of the Movement.*

The New Life Movement advocates a mode of living based on the principles of *Li*, *Yi*, *Lien* and *Chih*. In other words, it seeks to apply those time-honoured principles to the daily conduct of men and women, especially in matters pertaining to food, clothing, shelter and deportment. Any one who fails to order his life in accordance with this code is bound to fail. This is true also of nations.

There are people who are skeptical of this view. It is contended that *Li*, *Yi*, *Lien Chih*, undoubtedly excellent and virtues in themselves, may be able to produce men of exemplary character, but if we are backward in technical knowledge, no amount of virtue can save China. This line of reasoning is untenable. It is true that knowledge is power, but knowledge is liable to be abused in the hands of those who have no moral scruples. *Li*, *Yi*, *Lien* and

Chih are the guiding rules of conduct for individuals, society and the State. When educated men act contrary to these rules, both the public and the nation will suffer. In short, *Li*, *Yi*, *Lien* and *Chih* are able not only to save China but to remake her.

There are others who declare that *Li*, *Yi*, *Lien* and *Chih* are empty principles and can hardly be expected to serve as rules of conduct for those who live from hand to mouth and do not know where their next rice bowls come from or what the morrow may bring. This fallacy is due to the teachings of Kuan Tze who maintained that before a man can know decency he must have enough to eat and wear, or as the Greek philosopher Aristotle said, before a man can be expected to be virtuous he must have a competence. The fundamental fact seems to have been overlooked by these skeptics that *Li*, *Yi*, *Lien* and *Chih* are the "foundation" of a man, and that if he does not possess these attributes, he cannot have food and clothing. The remarks of Kuan Tze deal with only one aspect of the question; and as a matter of fact, if the whole body of his teachings is examined, it will be seen at once that he still considered the four virtues of *Li*, *Yi*, *Lien* and *Chih* essential to good government and peace.

In a society based on *Li*, *Yi*, *Lien* and *Chih*, one can make up the lack of food and clothing by human means, whereas in a society where these principles are not observed, no amount of wrongdoing, such as robbery and theft can bring sufficiency and abundance to the needy: Acts of *Li*, *Yi*, *Lien* and *Chih* are correctives to acts of strife, theft and robbery. In cases where *Li*, *Yi*, *Lien* and *Chih* are flouted, even sufficiency in matters of food and clothing will not bring about social peace, and if any proof is needed to substantiate this statement, it is an unquestioned fact that crime abounds always in cities where there is plenty and abundance. Moreover, can one seriously maintain that many of those who have turned to brigandage or become traitors and greedy officials have done so owing to fear of hunger and starvation? The fact of the matter is that they have forgotten the principles of *Li*, *Yi*, *Lien* and *Chih*. Such being the importance of these principles, it is essential that they be made the code of our daily conduct.

(2) *The Meaning of Li, Yi, Lien and Chih.*

Li, *Yi*, *Lien* and *Chih* are general principles in the establishment of states. This was true of ancient times and is true of the contemporary age. Of course, each age has its own interpretation of those principles. Let us explain them in the light of modern conditions of life. Briefly, *Li* means polite manners, *Yi*, chivalrous or upright conduct, *Lien*, honesty or a moral sense of right and wrong, and *Chih*, decency or an appreciation of moral values.

(3) *The Interpretation of Food, Clothing, Shelter and Deportment.*

There are two conditions associated with food, clothing, shelter and deportment, namely (1) tangible things, such as food, houses, roads, carts, steamers, etc., and (2) manifestations, such as eating and drinking, living, walking.

The word, *Hsing*, or deportment, however, has two senses. In its narrow sense it means walking. In its broad sense it means behaviour. Indeed, in this sense *Hsing* includes food, clothing, shelter and deportment.

The *"San Min Chu I"* ("The Three People's Principles") in the chapter dealing with the questions of food, clothing, shelter and deportment, emphasizes the material aspect of the problem. If there is any doubt on this score, it should be dispelled by a perusal of this passage in "The Fundamentals of Reconstruction" which says: The Government should assist the people in the development of agriculture so that they will have enough to eat. It should promote the textile industry so that the people will have enough to wear. It should help the people to solve their housing and transportation problems by building more houses and repairing canals and roads. The *"Hsing"* in the present New Life Movement is used in both its narrowand its broad senses.

E. The Methods of the New Life Movement

(1) *The Question of Leadership.*

The direction of the whole New Life Movement is vested in the hands of the New Life Movement Promotion Association in Nanchang. Branches of the association may be established in the various parts of the country, but in order to avoid confusion and to ensure common action, district branches should be subject to the control of provincial New Life Promotion Associations.

District and provincial branches should be jointly organized by representatives of various public organizations,

such as the Provincial and District Kuomin Tang headquarters, Bureaux of Public Safety, Social Welfare and Education, and military commissions. Subject to the direction of the local district New Life Promotion Association, the various guilds, schools, women's organizations and rural groups may start separate New Life groups.

(2) *The work of the New Life Movement* consists of investigation, planning and promotion.

(3) *The expenses of the movement* should be reduced to a minimum and borne by those responsible or raised by the authorities of the locality in which there is a branch of the New Life Movement Promotion Association. Solicitation of contributions from outsiders is forbidden.

(4) *The programme of the New Life movement* will be drawn up by the New Life Movement Promotion Association in Nanchang. The movement will first begin with a campaign for cleanliness and orderliness.

(5) *The formula of the movement.*

The Movement should start with oneself and then extend to others, with officials first, and then the masses, from simple things to more important tasks, and from public organizations, schools, etc. to the lower classes of society.

(6) *How the Movement may be promoted.*

Personal example, oral instruction, illustrated posters, campaign literature, plays and motion pictures are some of the means by which the movement may be promoted. The New Life Movement Promotion Association will send delegates to visit the various provinces and districs from time to time and inspect the work being done by the respective New Life groups. In order to promote a healthy spirit of rivalry between the various groups contests will be held. There will be prizes for the winning groups.

No compulsion should be employed in extending the movement. Persuasion should be the watchword of the "New Life" canvassers.

F. Conclusion

To sum up, the New Life Movement aims at the substitution of a rational mode of living for the present irrational mode of living of the people. How can this be effected? My answer is: by making *Li*, *Yi*, *Lien* and *Chih*, the code of our daily conduct.

(1) In abvocating the revival of our traditional virtues such as *Li*, *Yi*, *Lien* and *Chih*, the object in view is an artistic mode of living for all our people. Many are apt to think that only a few privileged persons can lead an artistic life. This is a mistake. It is within the reach of all. Every Chinese should have a decent standard of living, which is another term for an aristic mode of living. In ancient times China used to have the so-called six arts and sciences: Rites, Music, Archery, horsemanship, calligraphy and mathematics. These six things today have made the Western Powers great and strong, although the Chinese people for centuries used them as guiding principles of action in life. The reason why there is so much suspicion, jealousy and animosity in Chinese society today is that we have forgotten the teachings of our ancients. There is no hope of improvement unless we order our lives in accordance with the principles of *Li*, *Yi*, *Lien*, and *Chih*.

(2) The poverty of China is due to the existence of so many people who cannot produce anything of their own and who live on others. The productivity of the people must be increased. We must develop our immense natural resources and avoid waste. Every one should consider it a shame to depend upon others for his support. In other words, every one must work for his own living. There is no other way to relieve the poverty of China and remove the source of civil strife than to practise the principles of *Li*, *Yi*, *Lien* and *Chih* in our daily lives.

(3) In advocating *Li*, *Yi*, *Lien* and *Chih* as the code of our daily conduct, we are inspired by the desire to "militarize" the life of our people. When a nation cannot fight for the defence of its soil against foreign invasion, it cannot be considered a nation. We must cultivate martial arts if we are to overcome the present weakness of our country. China today is overrun by Communist-Bandits. Civil war has not yet been completely banished from the land. Our national territory is growing smaller and smaller every day. Imperialists join with traitors and Communists in oppressing our people and undermining our country. If we wish to deliver China from the present crisis and bring peace and order to the land, we must prepare to "militarize" the whole country. Before this is possible, the

people must be trained in habits of orderliness, discipline, cleanliness, simplicity and accurate thinking. They must be law-abiding, conscious of their responsibilities and ready to die for the country.

A rational mode of living is realized when the principles of *Li*, *Yi*, *Lien* and *Chih* are applied to the daily conduct of the people, especially in matters pertaining to food, shelter, clothing and deportment. A great revolution will have been effected and the foundations of new national structure laid when every Chinese lives in accordance with the principles of the New Life Movement, which are based on the traditional virtues of *Li*, *Yi*, *Lien* and *Chih*.

HISTORIC SKETCH

The New Life Movement was inaugurated by General Chiang Kai-shek at Nanchang on March 1 of this year and his intention was that the inaugural period, during which an intensive campaign for starting the movement at various centres should be carried on, was to least six months. There was an immediate response to General Chiang's appeal throughtout the country. Public organizations, private bodies, departments of provincial administrations and municipalities, and bureaux of many kinds immediately decided to form themselves into branches of the Movement. One of the earliest organizations to be formed was the New Life Movement Association at Nanking which came into being on March 16. At the inauguration of this association a significant speech was delivered by Mr. Wang Ching-wei and there was immediately a series of favourable demonstrations by workmen, students and professional bodies. In his speech Mr. Wang declared that the New Life Movement was the life-giving spark to the renaissance of the Chinese people and he urged that it should be supported sincerely by all responsible bodies and should receive the open support of all public officials. He also urged that the Movement should be systematically propagated and organized, and this suggestion was immediately taken up.

On March 17 a Committee for the Direction of the People's Movement of the Central Kuomin Tang was organized and issued a manifesto to the whole country. At the same time the Standing Committee of the Kuomin Tang decided that detailed plans for supporting the New Life Movement should be immediately drafted jointly by the Publicity Department, the Organization Department and the People's Movement Department of the Central Kuomin Tang, the Ministry of the Interior and the Ministry of Education.

It would be impossible to record here details of all inaugural meetings but some of

them may be noted. On March 11 an inaugural mass meeting was held at Nanchang. General Chiang and Madame Chiang, with many high officials and public men of the city, being present. At this meeting both General Chiang and Madame Chiang spoke in support of the movement and a local association was formed. On April 1 inaugural meetings were held at Shanghai and Hankow amidst the most enthusiastic demonstrations. On the same day an inaugural meeting was held at Tsinan (Shantung) presided over by the Chairman of the Provincial Administration (General Han Fu-chu) who was elected Chairman of the Standing Committee of the Association. The same day, also, an association was inaugurated at Sian (Shensi), The sub-capital of the Republic and a great mass meeting was held the next day. On the two following days further meeting were held, endorsing the policy of the authorities in supporting the Movement, and a local association was organized. In Suiyuan a great inaugural meeting was held on April 4 and on April 10 an association was inaugurated at Hsuchowfu (Kiangsu) The Movement has also spread to the southern provinces and, whilst it has been criticized by some as being altogether too idealistic, it has generally been received with enthusiasm as an agency for stirring up the people to a new sense of personal responsibility not only for their own lives but for the welfare of the country. In a number of places it has served to bring back to large numbers of people the necessity for conserving the best qualities and characteristics of traditional China, and the enthusiasm that it has aroused amongst the younger generation has served to give great encouragement to those of the older generation who had felt that the present age was altogether too much preoccupied with what are commonly called practical and material things. It is too early to judge of the ultimate effect of the Movement, but it would seem that it is indeed bringing more than a spark of New Life to China.

G-2 Report

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3790-Political Parties & Groups Misc.

CHINA (Political)

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

Subject: Chinese Personalities under the Control of the Japanese

MAR 25 2657-D-449
WAR DEPARTMENT.
RECEIVED G/2 W. D. MAR 26 1935

The Japanese have steadfastly maintained that the National Government of China does not have the sanction of the Chinese people; that the Government of China is divided among several independent warlords who are incapable of affording protection from banditry to their own populace, much less foreign nationals residing in their provinces, and that bandit forays, internecine warfare and other evidences of a disordered state of government still continue to exist in China.

Based upon their assumption that the Chinese military and police under the present regime are powerless to protect foreign nationals, each occurrence of disorder results in the dispatch of Japanese troops to the scene with the attendant increase in Japanese control. The Mukden, Shanghai and Tientsin incidents are examples of such policy.

Thus it would appear that periodic episodes of this nature would bear out the Japanese contention that military intervention is necessary for the protection of Japanese nationals, and such occurrences, either through design or otherwise, would greatly assist the present Japanese policy.

A little over a year ago Liu Kuei-t'ang, a bandit of long standing, led his brigands from Chahar through Hopei Province into Shantung where, after their four months of pillaging, General Han Fu-ch'u (Chairman of Shantung) dispersed them. Another source of trouble to the Chinese authorities is the policing of the demilitarized zone. At present the disbanded troops both of Shih Yu-san and Li Chi-chun are incorporated in the Peace Preservation Corps of this area as a concession to the Japanese. These troops, no better than bandits themselves, have added little to the peace and quiet of the zone and are actually a constant challenge to authority in this area. Neither Shih Yu-san nor Li Chi-ch'un are present with their troops. Since the advent of their troops into the demilitarized zone these two leaders have been reported at various times in the Japanese Concession in Tientsin and in Dairen. Despite their absence, it can be assumed that these troops will do their bidding and that their wishes are being carried out by the subordinates at present in command.

The above named Chinese are definitely under the influence and control of the Japanese. Just recently a semi-reliable report states that Liu Kuei-t'ang, Shih Yu-san and Li Chi-ch'un met in conference at Tientsin with Major-General Doihara (formerly Colonel Doihara, involved previously in machinations in North China) allegedly to discuss plans for future activities in North China.

As of possible interest a brief resumé of the past activities of these three Chinese personalities under Japanese control is given below:

From M/A, China Report No. 9058 February 25, 1935

CHINA (Political)

Subject: Chinese Personalities under the Control of the Japanese

GENERAL LI CHI-CHUN:

General Li Chi-chun, 59 or 60 years of age, has had a long if not too brilliant military career. A native of Hopei Province, he early inclined to a military career, serving in various military organizations until the time of the revolution.

At the time of the revolution he is believed to have fought with the revolutionary troops, for two years later, in 1913, he was given the rank of General in the Army of the Republic. He subsequently played various minor roles, for he was not heard from for the ten years previous to 1933.

Early in 1933 he appeared suddenly at the head of an army of several thousand men apparently organized by the Japanese after their conquest of Manchuria. He was sent into the Luantung area southwest of Shanhaikwan after the Japanese troops left it and his "irregulars" were particularly active there during the early months of 1933. They styled themselves the "National Salvation Army", carried the old five-barred flag of the Chinese Republic, and claimed to be anti-Japanese, a mere subterfuge, as Li at that time had in mind setting up an independent government in North China under Japanese protection.

Li's troops besieged and occupied several towns, laid others under tribute, and kept the entire area in turmoil for several months. His troops co-operated with or were complementary to those of General Shih Yu-san.

Following the signing of the Tangku Armistice on May 31, 1933, the problem of clearing the Demilitarized Zone of these troops became a delicate one. Li went to Dairen where conferences with Japanese and Chinese representatives were held. There is little doubt that his activities had been inspired and supported by the Japanese throughout. Finally about 2,000 of the 10,000 men he claimed were reorganized and incorporated in the Demilitarized Zone Peace Preservation Corps and the rest technically disbanded.

After the reorganization there were questions as to whether he would continue in command or be given another title and position in the regular Chinese forces. Both questions lapsed and he has not been heard from since. Informed Chinese are of the opinion that he is to be found in the Japanese Concession in Tientsin.

General Li is a man of pleasing personality, apparently well educated. Like many Chinese in the North he is willing to assist the Japanese to establish a control under which he can secure lucrative employment rather than support a Chinese organization under which it would be impossible to obtain an office position.

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Subject: Chinese Personalities under the Control of the Japanese

GENERAL SHIH YU-SAN:

Thin, nervous and high-strung, General Shih Yu-san has the appearance and the reputation of an ambitious and able military officer. That his ability and apparent idealism are not balanced by political shrewdness probably accounts for the fact that although he rose high - commander of an army and governor of a province - he was unable to stay there.

Shih Yu-san was born in Changchun (now Hsinking, capital of Manchoukuo) in 1892. He began his military education in Mukden and later graduated from the Military Academy at Paotingfu, Hopei. Not long after graduation he joined General Feng Yu-hsiang's Kuominchun ("People's Army") and worked himself up rapidly, serving successively as battalion, regimental, brigade, division and finally army commander. At the time of Feng's coup d'etat and capture of Peking in 1924 Shih was a regimental commander. He was made general during the revolutionary fighting of 1927-28 (the Northern Expedition). Capitulating to General Chiang Kai-shek, he was given command of the 13th Route Army and later made Governor of Anhwei Province.

General Shih Yu-san first came into national prominence when he lost the Anhwei post and joined the revolt led by Generals Yen Hsi-shan and Feng Yu-hsiang against Nanking in 1930. At that time he became known as one of the "grey" generals, on account of the difficulty of determining his true allegiance. The Yen-Feng Coalition was crushed by Chiang Kai-shek with the aid of the moral support of Chang Hsueh-liang. Shih Yu-san, realizing he had burned his bridges in opposing both Chiang and Chang, fled to Dairen.

He was next heard from after the Japanese had occupied Manchuria, when he was reported to be in Mukden accepting an appointment as commander of an allied force to operate against the Chinese in the Luantung area southwest of Shanhaikwan. He re-assembled several thousand of his former troops near that city early in 1933 and fought for the Japanese for some time, his efforts being similar to those of General Li Chi-chun who was also operating in Luantung.

When the Tangku Truce was signed the last of May 1933 it was agreed that these "irregulars" in the Luantung area must be cleared out. A small portion of his troops, about 1,000, were eventually incorporated into the Peace Preservation Corps of the Demilitarized Zone, the rest being disbanded and sent south to various towns in Hopei. General Shih Yu-san has not been actively in control of his troops since that time, and is reported to have gone into retirement in the Japanese Concession in Tientsin. There is no likelihood of General Shih's employment, except through Japanese insistence, by the Nanking Government.

Report

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Subject: Chinese Personalities under the Control of the Japanese

GENERAL LIU KUEI-TANG:

Lusty "General" Liu Kuei-tang, had his lapses from banditry into respectability been more frequent or more prolonged, might have become another Chang Tso-lin, a bandit-warlord. But either he lacked the requisite shrewdness or loved the life of a freebooter too well, for a bandit he has remained.

Upon his own admission, Liu became a bandit at the age of ten. That was in southern Shantung Province, in the mountains which have been outlaw strongholds for centuries. Apparently he rose rapidly for soon he had made himself leader of sufficient men to make it worth his while to surrender to the regular army and be incorporated therein. After a brief period of service - long enough to have his men well armed and provided with ammunition - he again revolted and led his men off to the mountains. The same maneuver was repeated at least twice during his subsequent career.

In 1931 he and his men were "reorganized" and incorporated once more into the regular army by General Han Fu-chu, Governor of Shantung, and sent to garrison a small area in the north of the province. Revolting again, Liu led his band on a foray into Hopei Province. Marshal Chang Hsueh-liang, at that time in Peiping, parleyed with Liu and instead of fighting him arranged that he and his men be transferred to Jehol, there to operate against the Manchoukuo and Japanese forces as a unit of volunteers.

When the Japanese swept into Jehol practically without resistance, Liu Kuei-tang promptly switched his allegiance and was made a Manchoukuo commander. His troops, then in western Jehol, he led to Dolonor, which was held for some time. Finally he started westward into Chahar, penetrating as far as Changpei, north of Kalgan on the Kalgan-Urga highway. Although this was credited at the time as being a Manchoukuo invasion, it is difficult to ascertain whether or not it was anything more serious than a personal foray on the part of Liu and his men. At any rate, he was soon dickering with General Sung Che-yuan, Chairman of Chahar, and before long declaring his allegiance to China and Sung.

Sung proceeded to give him the most amusing title of his career - "Bandit Suppression Commander of Eastern Chahar". He was stationed at Chihcheng where he had minor brushes with local militia from time to time as the result of his efforts to collect taxes in return for the suburb protection he was affording the region.

Eastern Chahar being a barren country, Liu applied several times for transfer to a place more suited to supporting him and his troops. On being repeatedly denied, Liu and his merry men revolted again, on Christmas Day, 1933, sacked a couple of towns and started south. His trek, a spectacular "march to obscurity," would make a saga. Loot and provision were loaded on hundreds of camels and thousands of donkeys and mules which he commandeered. His men were mounted on tough,

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Subject: Chinese Personalities under the Control of the Japanese

shaggy little Mongol ponies. Since Chinese and Japanese alike now refused to have anything to do with him, he shrewdly sallied out of Chahar along the Truce Line delimited in the Tangku Armistice, across which Chinese troops could not advance, and to which large bodies of Japanese troops were unlikely to come. Dodging over onto the Japanese side when in the neighborhood of strong Chinese detachments, and again crossing to the other side when tempted by a weakly garrisoned town or village, Liu made for Peiping.

By New Year's Day he was attacking a town within fifteen miles of Peiping, having travelled the hundred and twenty miles from Chahar and fought a dozen skirmishes along the way. Next day his band, estimated at from 500 to 5,000, swept down east of Peiping within sight of the city walls, pushing southward unopposed. Liu was canny. By moving along the boundary lines between garrison areas, he managed to evade clashes with Government troops, giving garrison commanders opportunity to place mutual blame on each other and avoid all responsibility.

After he had crossed the Peiping-Tientsin Railway the Chairman of Hopei sent cavalry after him, but no conclusive battles were fought. Liu dodged and looted his way the length of Hopei Province to the Shantung border. Met there by a strong force he swung to the west, entered Honan and made a long loop through that province, finally swinging back across northern Kiangsu to his old stamping grounds in southern Shantung, where his force was dispersed by General Han Fu-chu. He avoided capture himself and made his way to the Japanese Concession in Tientsin where he remains in close touch with the Japanese.

CONCLUSIONS:

The belief that the Japanese are maintaining a measure of control over North China by the instigation of incidents with resultant military intervention or the threat of such intervention is given general credence here. That the Japanese make use of the Chinese personalities above described for this purpose is most likely and a recurrence of incidents may be resorted to by the Japanese to thwart an attempt on the part of the National Government to regain, from the Japanese, the control over North China they now exercise.

Source: Study in M/A Office.

W. S. Drysdale
W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

T S T

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G-2 Report

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6-1

3030-Relationship btw. mother country and dependencies.

CHINA (Political)

Subject: Sino-Mongol Relations

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
APR 24 1935
2657-J-450
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Little is known of Sino-Mongol relations prior to the time of Genghis Khan, who, starting life as a minor chieftan, rode to power over most of northern Asia. He died in 1227 A.D. and was followed by one son and several grand-nephews, the most famous of whom was Kublai Khan. The conquests of the Mongols continued and when Kublai Khan died in 1294 A.D. the Mongol Empire was probably the most extensive known to history.

Like all such great empires whose success depended on one man as the sole leader, the Mongol dynasty fell from power as rapidly as it had risen and the Mongol rule came to an end in China in 1368 with the expulsion of the Yuan dynasty. Timur, the last Mongol Emperor, was followed by a number of rulers who exercised practically no control over the various Mongol tribes who gradually became scattered under their own chiefs. The ones near the borders of China came under the influence of the Manchu Emperors and finally in 1757 the conquest of western Mongolia under Ch'ien Lung placed the entire country under the loose control of the Manchu Empire.

Conditions continued in this manner until 1908 with the Manchus trying in every way to keep the Mongols divided among themselves and loyal to the Manchu dynasty, with very little thought except to use them as allies against the Chinese. Efforts to reduce the domain of the Mongols to the status of Chinese provinces were not favorably received by the traditionally independent Mongols who resented the change from the status of an ally to that of a subject race.

The revolution of 1911 with the resulting downfall of the Manchu dynasty left the Mongols at rather loose ends. In July of that year there was a meeting of Mongol princes in Urga at which it was decided to declare their independence of China and ask protection from Russia. In 1912 a Russo-Mongol agreement was made which recognized the independence of Mongolia and gave a promise on the part of the Russian Government to assist in the preservation of Mongolian autonomy. Since that time Outer Mongolia has day by day passed further from Chinese influence until now it is completely dominated by Soviet Russia. Under Russian officers the Outer Mongolian troops patrol the southern border of that area and do not permit natives of Inner Mongolia to pass except by special permission of the Urga Government. Even the caravans of the Wostwag Company, an organization with Soviet capital operating under a German address, have to stop on the borders and change their loads to Outer Mongolian camels. The Inner Mongolian camel pullers are not allowed to talk with their brethren from the Sovietized territory. Of late this isolation policy has been somewhat relaxed and certain priests have been allowed to pass on important Buddhist missions.

Inner Mongolia on the other hand has been from the first more closely connected with the Manchu dynasty than Outer Mongolia due to location and the necessities of trade. The banners of the former have continued the organization which existed prior to the

expulsion of the Yuan (Mongol) dynasty from China in 1368 A.D. to the present day.

The relations between China and Inner Mongolia since the Revolution of 1911 have not improved. The first days of the new Republican Government in China found all concerned too busy looking out for themselves to worry about the Mongols. As a result they were left much to themselves. More recently the problems of Sino-Mongol relations have been placed largely in the hands of the Governors of Chahar and Suiyuan Provinces, who have been allowed to get as much out of the Mongols and yet keep them as quiet as possible. The Mongols of Inner Mongolia have kept to their old customs and the Banner Chiefs rule in the same way as of old, still keeping the Manchu rank and official robes even to the present time.

It is the natural course of events that these conditions gave rise to the formation of the "Young Mongol Party" who were discontented with the role of Inner Mongol under the maladministration of various Chinese border governors. The members of this party were not in any way as radical in their ideas as the name would imply but consisted of certain of the better educated and more progressive Mongols including some of the Princes. So here we have the move for progress coming not from the bottom but from the ruling class itself, and a real desire for a united and autonomous Inner Mongolia.

The leader in this movement was Prince Te (Te Wang) of West Sunnit Banner. Supported by some of the older Princes, he went to Nanking and secured from the National Government the measures for Mongolian autonomy and the formation of the Mongolian Autonomy Council, better known as the "Meng Cheng Hui".

These measures did not give the Mongols all they asked for but did give them a great deal more than they expected. There was provision for payment by the National Government of a certain sum for maintenance of the Council and for the remission to the Mongols of part of the tax money collected by the Chahar and Suiyuan governments on land formerly belonging to the Mongols but colonized by Chinese from inside the Great Wall. Naturally the governors of the provinces of Chahar and Suiyuan did not take kindly to these measures which decreased their power over Inner Mongolia and, more important still, reduced their income. The Chairman of Suiyuan Province has been particularly opposed to Mongolian autonomy and he has been backed by that venerable old man of Shansi, Yen Hsi-shan, who while no longer Chairman of Shansi, will control it until he dies.

The bone of contention here is the tax on opium which comes from Kansu and Ninghsia into Suiyuan and Shansi by camel train through Mongolian territory. The question of giving part of the tax collected by the Suiyuan officials to the Mongols or allowing the Mongols to collect a tax themselves has been a mooted question for some years and will remain such for many more. The Mongols claim that the caravans choose Mongolian trails to avoid the bandit-infested areas inside Chinese territory. The Suiyuan authorities continue to hold a superior attitude and refuse to consider the Mongols as anything but savages who can be controlled by virtue of the superior arms in the hands of the Chinese military.

G-2 Report

3030-Relationship btw. mother country and dependencies

CHINA (Political)

Subject: Sino-Mongol Relations

What the future holds for Sino-Mongol relations cannot be foreseen. The ruling Mongols realize that they are in a difficult and advantageous position. Their dependence on China for all their commodities has increased. The Mongols are nomads of the plains, good hunters and herders, brave and hardy, but they do not till the soil nor make even the bare necessities which they require to exist. All of these come from inside the Great Wall, since the closed border to the north which has been maintained by Outer Mongolia through Russian instigation has driven all trade to the south.

First thoughts would seem to lead to the belief that the sympathies of the Mongols would be with Manchoukuo and the Emperor Pu Yi. Investigation leads to the realization that such is not the case. The Mongol Princes were loyal to the Ching dynasty from which they received their titles and rank but they claim that the bonds are now broken when Pu Yi is set upon a new throne in Manchuria by Japan. Then too they have seen that the much advertised autonomy for Mongols in Manchuria is but a sham and that these will be controlled by the Japanese to a greater extent than China ever attempted to rule the Mongols of any period in the past.

What the thinking Mongols of the old school and the younger ones, many of whom have received their entire educationin China, desire is independence to rule themselves and to revive the ancient glories of the Great Khans. They believe that an alliance with China will enable them to do this better than any agreement with Japan or Manchoukuo and that is the present status of the situation. They are bound by greater ties in every way to China and desire to maintain them. They are conscious that their position has a trading value and that any seeming interest in Japan and Manchoukuo on their part is a great worry to China. It is the opinion of this office that unless the Chinese continue to use archaic and increasingly stupid methods in dealing with the Mongols that Inner Mongolia will remain as at present and will not join Manchoukuo unless under force of Japanese occupation, a situation which is deemed extremely unlikely at the present time.

Source: Travel in Mongolia and study in M/A Office.

COMMENTS: The above resume of Sino-Mongol relations embodies in a more concise form, for inclusion in the digest, information which has been previously submitted in Comments on Current Events, together with certain historical data.

For and in the absence of the Military Attache:

S. V. Constant
Major, Cavalry
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G-2 Report

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6-1

3030 - ADD

AUG 15 1936
OFFICE CHIEF OF STAFF
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2657-J-450

CHINA (Political)

Subject: Relationship between the Mother Country and its Dependencies.

Sino-Mongol Relations

9-450/1

2657

RECEIVED G/2 W. D. AUG 12 1936

The subject of Sino-Mongol relations has been discussed in G-2 Report No. 9081, which brought the situation up to March 28, 1935. This report will cover the period from that date up to June 30, 1936.

The last report on Sino-Mongol relations mentioned above brought the situation up to the point where the Mongols were striving to find a solution for the problem of the opium tax. The whole dispute regarding the tax collection rested on the unwillingness of the Shansi and Suiyuan authorities to realize that the claims of the Mongols deserved any consideration. The camel caravans carrying millions of dollars worth of opium yearly passed through Mongol territory on their way to Kweihwa, from whence the opium was divided between Suiyuan and Shansi provinces. For years the tax had been collected on the Chinese border and the Mongols received nothing for the thousands of miles of their territory over which the caravans travelled nor for the protection afforded against Chinese bandits on the border regions.

The Mongols were approached by the Chahar authorities with the proposition that they would take the opium through Kalgan and were ready to pay the Mongols a reasonable percentage of the tax. This was agreed to by the Mongols who in addition sent some motor trucks of their own to Kansu to haul opium for export through Kalgan. Representatives from the Chahar and Suiyuan Mongols were despatched to Kansu and Ninghsia to arrange the details of the scheme which would boycott Suiyuan and Shansi.

The Suiyuan authorities of course were opposed to any such plan as they saw it as the entering wedge in breaking up what amounted to a practical monopoly of the opium trade which had netted them millions for some years. Their answer to the sending of the trucks by the Mongols was to order two regiments of Suiyuan provincial troops to the vicinity of Hashatu.

It should be said to the credit of the Nanking Government that through this period of intrigue over the opium tax their officials, headed by General Ho Ying-chin who was in Peiping at the time, sided with the Mongols. Nanking had been embarrassed more than once by the Suiyuan-Shansi combination and was willing to aid in curtailing their power if it could be done without the use of armed force. So for a time the chance of better Sino-Mongol relations appeared a possibility in view of the fact that Chahar and Nanking were willing to aid the Mongols against the intrigues of Fu Tso-yi of Suiyuan and Yen Hsi-shan of Shansi.

From M/A, China Report No. 9442 July 17, 1936

RESTRICTED

CHINA (Political)

Subject: Relationship between the Mother Country and its Dependencies

Sino-Mongol Relations

It was at this time that the Japanese seemed to take renewed interest in Inner Mongolia. In May 1935 it was confirmed that a party of Japanese with a radio station had located themselves at the Palace of the Prince of Left Ujumchin Banner, northwest of Dolonnor. Another party of Japanese dressed as Lama priests but carrying a radio station with them established residence at the temple connected with the Palace of Prince So of Abagar Banner, about a hundred miles north of Dolonnor.

These parties of Japanese included medical men, radio operators and army officers in disguise. The Japanese commercial element was represented by a mission sent to Chahar from Jehol under the auspices of the South Manchuria Railway. Of all the "missions" the most significant was the one sent to the Palace of Prince Te (Te Wang) of West Sunnit Banner. Te Wang was the leader of the "Young Mongol" party and one of the most intelligent and able of the Mongol officials. He was Secretary-General of the Mongolian Political Council at Pailingmiao and the Japanese effort to influence him was both far-sighted and significant.

In May 1935, through the activities of Prince Te and the support of Nanking and Chahar officials, an agreement was finally made which had the approval of all concerned. This agreement provided in general that:

(1) The commercial firms concerned in transporting opium from Kansu and Ninghsia were to have the choice of bringing opium into China through either Suiyuan or Chahar.

(2) Stations were to be established along the caravan routes at which were to be posted representatives of Suiyuan and the Inner Mongolian Government to check the amount of opium in each load.

(3) A tax of thirty-two cents silver was to be collected on each ounce of opium. Eight cents of this was to go to the Mongols, and twenty-four cents to the provincial government concerned.

By this agreement the Suiyuan authorities lost only four cents on each ounce. The Chahar authorities were well pleased since they had never received any of this tax in the past. The Mongols received eight cents per ounce instead of nothing. The merchants in Suiyuan were the losers since they were forced to pay four cents an ounce more than formerly.

No sooner had this agreement been concluded than Fu Tso-yi and the Suiyuan authorities were looking for ways to nullify it. Their first move was to follow the traditional system in dealing with Mongols and to present Buick automobiles

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Sino-Mongol Relations

to various Princes of the Suiyuan Banners who were not in accord with Te Wang and the dictates of the Pailingmiao Council. They followed this by conferring titles on other Mongols of lesser importance in the Ordos in a further attempt to break Mongol unity.

While this was going on the Japanese sent a colonel by airplane from Dolonnor who landed at the Palace of Prince Te and demanded an interview. During this he made the following suggestions in a very forcible manner:

(1) That the Japanese establish a branch of the Kuantung Army Special Service Department at Te Wang's Palace, as had been done in Dolonnor.

(2) That the Japanese establish a radio station at Te Wang's Palace.

(3) That the Mongolian Government move its capital from Pailingmiao to the Palace of Prince So in Abagar Banner, about a hundred miles north of Dolonnor.

In addition to this the Japanese colonel made a semi-official offer to the effect that if the Mongols would cooperate with them certain things would be done for them. He stated that Hsingan Province of Manchoukuo would be separated from that Empire and be joined with the rest of Inner Mongolia to form a "Menkukuo" or "Country of the Mongols". Te Wang at once hurried to Peiping for an interview with General Ho Ying-chin and telegraphed Nanking.

General Ho was unwilling to take any responsibility in the matter and asked Nanking for instructions. Nanking either through inability or failure to appreciate the crisis which faced China, avoided the issue and finally Te Wang was forced to return to Mongolia. No one would take the responsibility of resisting Japanese pressure into Chahar and it was known that General Ho had instructions from Nanking which he transmitted to General Sung Che-yuan in Kalgan not to resist Japanese advances in his province.

There can be no question that the Mongols had played fairly with Nanking. Nanking was unwilling to help them in any way for fear of bringing Japanese wrath on its own head. The Mongols were left to work out their own salvation. During this period the Japanese were watching affairs in the Mongol Banners and in August 1935 they had established "military missions" in Kweihwa, Suiyuan, and Taiyuanfu, Shansi.

During the latter part of August the intrigues of Fu Tso-yi and his bribes to Suiyuan Mongols, which have been mentioned above, began to bear fruit. The first indication was the revolt of Dorlchi or Prince Shih, the chief of the West

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Oriat Banner of the Olanchab League in western Suiyuan. Dorlchi was in cahoots with the Suiyuan authorities to smuggle opium past the tax stations established by the Mongols and bring it into Suiyuan direct.

The Pailingmiao Council dismissed Dorlchi but that worthy had the support of Fu Tso-yi who sent troops into the Mongol territory to "preserve order" but actually to prevent the Mongolian Political Council from carrying out their threats against Dorlchi.

Taking advantage of this rift in the lute, the Suiyuan authorities worked harder than ever to recruit Mongol chiefs to their ranks against the dictates of Te Wang and the Pailingmiao Council. There is evidence to the effect that Fu was aided in his plans by the Japanese "Resident Officer" in Kweihwa, who was anxious to lessen Te Wang's power among the Mongols so he would be more willing to listen to Japanese plans.

Conditions were going from bad to worse in Sino-Mongol relations when in December 1935, Te Wang made another effort to reach the ear of Chiang Kai-shek. He sent his personal representative, Sayinbaier or Pao Yueh-ching as he is called in Chinese, to Nanking. That sterling old Mongol general was unable to secure any statement as to what the Nanking Government would do to help the Mongols.

Then Chiang Kai-shek made one of his worst blunders in handling the Mongols. He decided to place the question of Sino-Mongol relations in the hands of the Suiyuan authorities! This placing of negotiations in the hands of their arch enemy was almost too much for the Mongols. Inasmuch as these Chinese were involved with Dorlchi in the effort to cheat the Pailingmiao Council of its just portion of the opium tax, the Mongols began to feel that the situation was hopeless. They were convinced that Nanking would not support the Mongolian Political Council in this or any other matter for which the Council had been set up. They had been failed by Nanking in the first test of the power of the Mongols in settling internal Mongolian affairs.

Meanwhile the Japanese had instructed certain "Manchoukuo" units under General Li Shou-hsin and led by a Japanese staff to advance into Chahar where they occupied sections of that province. They finally established their headquarters in the town of Changpeihsien, just north of Kalgan. This move placed the Japanese astride the Kalgan-Urga road, drove a wedge between Prince Te and his only friends, the Chahar Chinese officials, and placed the Japanese in a better position to exercise influence over Shansi and Suiyuan.

CHINA (Political)

Subject: Relationship between the Mother Country and its Dependencies

Sino-Mongol Relations

Not satisfied to let bad enough alone, the Nanking Government in January 1936 put the final discord in Sino-Mongol relations by appointing another Mongolian Political Council which comprised the Banners of the Yeghejo League in the Ordos and the Olanchab League of Suiyuan Province. This included five of the Chahar Banners, four military and one herdsman banner, which have been considered part of Suiyuan Province on the map for some years but which have always been administered under Chahar. It also included Pailingmiao, the seat of the original Mongolian Political Council.

One cannot see how Nanking could have done a more stupid thing in their relations with the Mongols than to establish a new council for Suiyuan Banners on top of the original Mongolian Political Council which they had helped set up at Pailingmiao. It broke every tie that the Chahar Mongols had with Nanking and pushed them further into the arms of the Japanese.

The winter of 1936 was one of the most severe in the last sixty years. It caused famine and hardship in Inner Mongolia and broke whatever little economic resistance the Mongols may have had left. Their flocks gone, revenue from Nanking held by Suiyuan authorities and fleeced from their share of the opium tax by the Suiyuan officials, the Mongols were in a critical state. Appeals to Nanking brought a little financial aid but this was dissipated by Suiyuan and little if any ever reached Mongolia.

Japanese pressure on Te Wang increased and at this time it soon became evident that the question of China's nominal control over Inner Mongolia depended entirely on how long Te Wang was able to withstand this pressure.

Finally in June 1936 it became evident that due to the series of blunders on the part of the Nanking Government and the intrigues of the Chinese officials who had been entrusted by Chiang Kai-shek with the handling of Mongol affairs, practically all of Inner Mongolia was lost to China.

The Japanese now have thrown away all pretense and are taking active measures. Their strictly military missions in Chahar have been withdrawn, since with Manchoukuo troops in Changpeihsien their presence is no longer needed! They have extended their military missions into Suiyuan and at Pailingmiao can be seen a dapper Japanese officer in full uniform drilling Manchoukuo soldiers.

The military mission in Pailingmiao is under Kukubo Morishima, a well known Japanese who has been trading in and around Kalgan for the past thirty years. He is married to a Chinese and speaks both Chinese and Mongol fluently. Assisting

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him are a staff of Japanese and a radio detachment. Another mission has been pushed west to a place called Mirgenchao in West Oriat Banner - western Suiyuan near the Yellow River. The latest mission has been established at Wangyehfu near Ninghsia.

Thus it is evident that the question of Sino-Mongol relations will soon be but a phase of Sino-Japanese relations. Nanking has lost control over Inner Mongolia and Japan has definitely taken the upper hand there and intends to push that advantage.

Rumors will no doubt be heard from Chinese sources to the effect that the Mongols accepted Japanese support against China but this is believed by this office to be untrue. Personal investigation in Inner Mongolia and conversations with Mongol officials over a period of several years have confirmed the belief that the Mongols would have preferred to stay under Chinese rule. They always believed that they could handle the Chinese and achieve a united Inner Mongolia in which the glories of the Great Khans would be revived. They knew from their observations of the fate of the Mongols in Manchuria that if they allied themselves with Japan it would be in name only and that Japan would dictate their every move.

The future appears to hold little for the Mongols. As a people it is not believed that they would contribute much to the inevitable conflict between Japan and Russia in the Far East. Mongol territory however is important and the latest moves of the Japanese in placing military missions along the southern border of Outer Mongolia can only be interpreted in the light of preparation to stop a Russian advance. The Japanese have a complex that Russia will attack her through Urga in spite of the fact that many Japanese officers admit that the difficulties are greater than faced by the British in similar country during the World War.

Source: Personal observation and travel in Inner Mongolia.

For and in the absence of the Military Attache:

S. V. Constant

S. V. Constant
Major, Cavalry
Assistant Military Attache

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CHINA (Political)

Subject: Relationship between the Mother Country and its Dependencies.

Chinese Colonization of Mongol Land

RECEIVED G/2 W. D. JUL 31 1935

Originally all of the territory outside the Great Wall in what is now called Chahar and Suiyuan Provinces belonged to the Mongols, and Chahar takes its name from the Chahar tribes. They were located along the Great Wall westward from the Jehol border. The Chahar Mongols were an obstacle to the extension of the Manchu power and finally the latter allied themselves with the Eastern Mongols and defeated the Chahars. Following this the Manchus deposed the Mongol Princes and formed the tribes into Banners like the Manchu organizations but with territorial locations after the Mongol system. Some years ago part of the original western territory of the Chahar Mongols was detached from Chahar and placed under the control of Suiyuan.

West of the Chahars and along the Great Wall are the lands of the Suiyuan Tumets. They are the remnants of a once powerful tribe which was defeated by the Chahars and then reorganized by the Manchus without any hereditary princes.

It can be seen from the above brief discussion that the efforts of the Manchus were entirely directed toward breaking down the power of the Mongols. The whole plan of reorganization of the Banners and the deposing of the Princes was directed to this end. After the Revolution of 1911 the Republican Government paid but little attention for a time to Inner Mongolia.

There seems to be ample proof that the first Chinese colonization was encouraged by the Mongols and certain Chinese were brought into Mongol lands to work for the Mongols. Others came as traders. After the alliance of the Manchus with various Mongol tribes which resulted in the subjugation of the Mongols bordering along the Great Wall the Manchus made a determined effort to pull the teeth of the nomad tribes, not only by reorganizing the Banners and imposing Manchu official ideas, as has already been mentioned, but also by encouraging colonization of the Mongol lands in order to break up tribal unities.

Each year has seen increased inroads into the former grazing lands of the various border Banners. In some districts the poorer classes of Mongols, having no herds, nor princes to lead them, have adopted Chinese customs and have taken to tilling the soil themselves. These people are considered by the real Mongols as having "degenerated" into Chinese civilization.

In other districts the Chinese officials have definitely encouraged the immigration of Chinese from their provinces who could not make a living where they were into the grazing lands beyond the Wall. When this was done Chinese troops were sent to "protect" them and gradually the band of Chinese influence has crept northward. In 1914 most of the area now called Chahar and Suiyuan was organized into two Special Administrative Areas and

CHINA (Political)

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Chinese Colonization of Mongol Land

finally in 1928 the whole of Inner Mongolia north of the Great Wall was formed into what at present shows on the maps of China as Chahar and Suiyuan Provinces.

The hope of the Mongols that the Chinese Republic after the Revolution would prove a weaker master than the Manchus was not realized. There were many factors involved but the advent of modern weapons and the influence of the Peiping-Suiyuan Railway greatly influenced this. Because of the adoption by the Chinese of modern implements of war, which they did not allow to reach the Mongols, and the railway, which made possible the export of agricultural products in a manner prohibitive when carts and camels were used, the Chinese were able to continue to settle in the Mongol herding country where they lived on a much lower scale than could the nomads.

The gradual creeping northward of the agricultural belt has not been a good thing from the point of view of the Mongols. Tribal unities have been broken down and the loose administration of the Chinese officials and often the lack of any administration at all in parts of this country has resulted in such lack of control that banditry along the border has been prevalent. Then the planting of the soil has taken away considerable areas from the grazing lands upon which the Mongols depend to raise their cattle, and pushed the herds further north. It has also driven the wild birds and animals to the north.

The Chinese colonists also have a hard situation to meet. Practically all of them come to Mongolia because of inability to get a living in their own homes. Some of these are good, hardworking people but many of them are the type that has been encouraged to leave their home communities because they were not desired there. It is like the condition that existed in our own West in the old days when one could find all sorts and conditions of men in the frontier settlements.

Because of the very nature of the immigrants it stands to reason that they are all poor people. The Chinese officials in the border provinces have encouraged the organization of "land companies" which lease the land to the settlers and supply them with the necessary agricultural implements, building materials, etc. All these transactions are carried on so as to give a large profit to the companies with the result that the farmers never get out of debt. Their difficulties are increased by the fact that the promised land of Mongolia is not good agricultural territory. The soil is sandy and does not respond to primitive agricultural methods. Many sections of ground are used one year and abandoned the next. The situation is made still worse by the fact that one or two bad years with insufficient rainfall makes the farmers almost destitute.

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The case of the Mongols who have adopted Chinese ways of living is like that of the Chinese immigrants, except that since they are not used to farming methods they do worse at it than the Chinese. The Mongol nomad, used to the free life of the plain when it was only necessary to hunt meat or kill one of the flock for food, finds himself absolutely unsuited to the stern, skimping life of the Chinese farmer. Hence their condition is even more difficult than that of the Chinese.

The Ordos section of Suiyuan Province occupied by the Ordos Mongols, which is bounded on the north by the Yellow River and on the South by the Great Wall, presents a slightly different situation. Here there has been some colonization by the Chinese but the preponderance of cultivation of the land has been done by the Ordos Mongols themselves. There is still a section of country in the center which is uncultivated.

In the Ordos the Mongols have retained their tribal organization but the Princes have really become large landowners and parcel out their territory to the people more after the Chinese system. They have taxed the people heavily and the economic conditions in this area are very bad. A very reliable contact who has recently returned from the Ordos states that of all the sections of China that he has visited, this one would seem to be the most fertile field for Communism that he has observed.

Considering the whole problem of colonization of Mongol lands, it may be said that conditions are growing worse every year. The nomad Mongols are being more and more restricted and their herds and wild game are suffering. The Chinese colonists have very little to look forward to and the Mongols who have adopted Chinese ways are in a worse plight.

The attached map shows the approximate area of former Mongol territory now under cultivation. This is only approximate as new spots are cultivated and others given up each year.

Source: Personal investigation.

S. V. Constant

1 map attached
Photographs

S. V. Constant
Major, Cavalry
Assistant Military Attache

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No. 9152 1st Ind. WSD:elh

Office of the Military Attache, American Legation, Peiping, China, June 27, 1935 - To: Chief, Military Intelligence Division, Washington, D. C.

Approved.

W. S. Drysdale

W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

Exec
OFFICE CHIEF OF STAFF
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Chapsur, on the Urga road north of Kalgan (see attached map). Where only a cluster of Mongol yurts existed last year, Chinese colonization is fast building a village.

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CHINA (Political)

Subject: Relationship Between the Mother Country and Its Dependencies.

RECEIVED G/2 W. D. JUL 13 1935

The Government of Inner Mongolia - Second Meeting of the Mongolian Political Council (Meng Cheng Hui).

The second meeting of the Mongolian Political Council which was scheduled to be held in March 1935 was postponed until April due to the tax dispute between the Suiyuan provincial authorities and the Mongols (see G-2 Report No. 9084, item 9). The first meeting was finally held at Pailingmiao on April 24th.

2055-622/836

The Suiyuan provincial authorities, acting under orders of General Yen Hsi-shan of Shansi, have tried in every way short of uring force to obstruct the convening of the Meng Cheng Hui and to prevent the important Princes from attending. However, despite their efforts, nearly all the Banners were represented, including the Jehol and Manchurian Banners. The representatives of these latter tribes are Mongols who have fled from the Japanese occupation and hence the representation of the Manchurian Mongols is only nominal. Nevertheless, the fact that the Mongols consider these Banners in their plans for a united Mongolia is worthy of note.

The preliminary sessions of the Council lasted from April 24th to May 16th at which were discussed a great number of questions. The final meetings opened on May 17th and closed on May 20th. Altogether there were seven general meetings, eighteen informal meetings and fifteen sub-committee meetings. Prince Te (Te Wang) of Sunnit Banner and Secretary of the Council is still the brains and the vital figure in Inner Mongolia. He is the hub around which affairs in Inner Mongolia revolve, and is a man of education who has the good of the Mongols at heart.

Among the most important resolutions passed by the Council were the following:

1. A Local Autonomy Institute should be established for the training of public functionaries in Mongolia.

2. Mongol troops should be thoroughly reorganized and further trained.

3. Hospitals and other sanitary institutions should be established in Mongolia for treatment of the sick and for plague prevention.

4. The New Life Regulations sponsored by Chiang Kai-shek should be adopted in Inner Mongolia and new model villages should be established.

5. Cultural institutions should be established to improve the education of the Mongols.

6. A normal school should be established for the training of teachers in Mongolia.

CHINA (Political)

Subject: Relationship between the Mother Country and Its Dependencies.

The Government of Inner Mongolia - Second Meeting of the Mongolian Political Council (Meng Cheng Hui).

7. Productive, trading and credit cooperative societies should be established to develop natural resources, assist trade and extend credit loans to Mongol traders.

8. Efforts should be made for the construction of highways in Inner Mongolia.

9. A special bureau should be established for the installation of telephone and telegraph equipments and post offices in the different Leagues and Banners in Inner Mongolia.

These resolutions have been placed in the hands of the Executive Committee functioning under Te Wang, the Secretary of the Council. A telegram was sent to Nanking re-affirming the loyalty and support of the Mongols to the Central Government.

In future, according to Mongol sources, it is planned to hold two meetings a year, the first on April 31st and the second on December 9th.

Plans for a new capital were also discussed. For the last year the Mongols have been pitching their yurts to the east of the Pailingmiao temple group and using some of the houses belonging to the Lamas. The younger Mongols, who are very much against the influence of Lamaism, have been active in the movement to get away from Pailingmiao.

The present idea is to pitch a number of yurts in a valley called Naranobo, about three miles north of Pailingmiao and later to build permanent structures there which will not only include office buildings but also a hotel and facilities for entertaining the various Mongol princes and other visiting dignitaries.

As this report is being written there is considerable doubt in the minds of many of the Mongols as to whether the resolutions passed can be carried out, due to increasing Japanese interest in Inner Mongolia (see G-2 Report No. 9137, item 6).

10056-622/241

Source: Personal investigation at Pailingmiao during Conference.

S. V. Constant

S. V. Constant
Major, Cavalry
Assistant Military Attache

14 photographs attached
(one copy only)
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No. 9142 1st Ind. WSD:elh

Office of the Military Attache, American Legation, Peiping, China, June 18,1935 - To: Chief, Military Intelligence Division, Washington, D. C.

Approved.

W. S. Drysdale

W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

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2657-D-450
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Yun Wang (Prince Yun), head of the Mongolian Political Council.

Yun Wang, his youngest son and members of his palace staff.

Left to right -

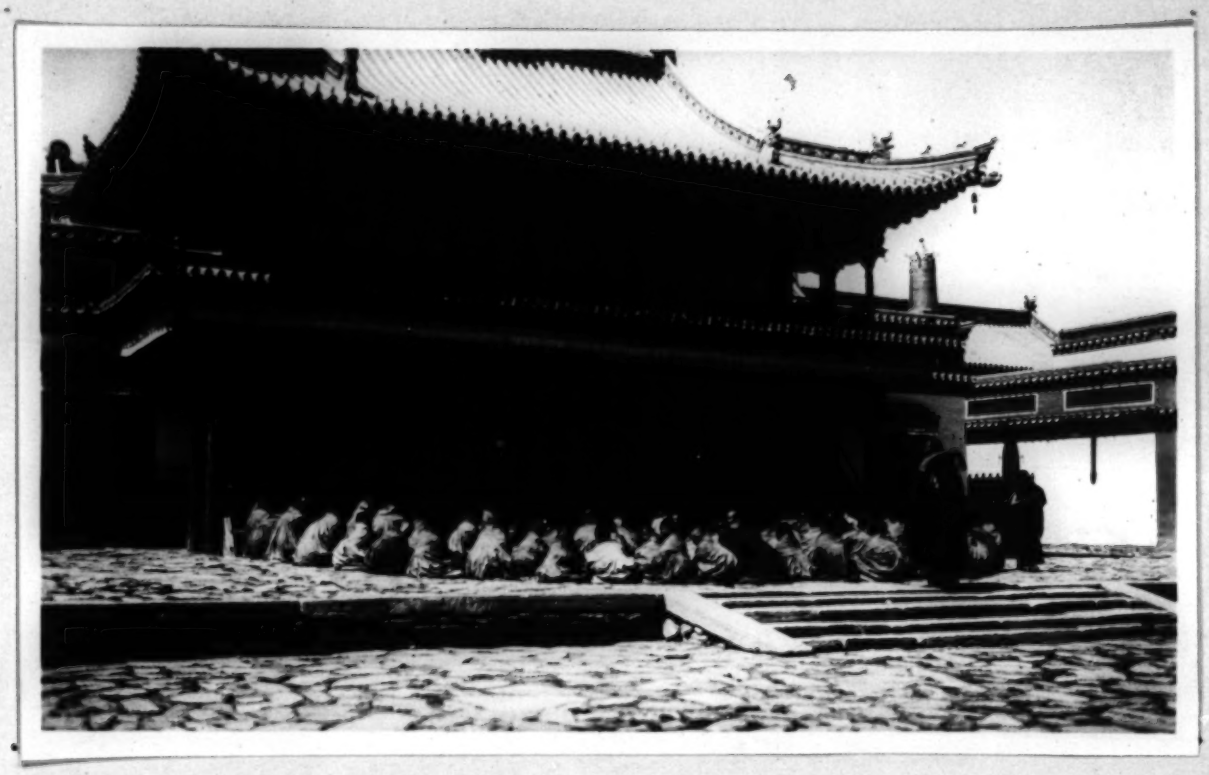
Pao Yueh-ching, former Mongol cavalry leader and now personal representative of Te Wang in Peiping.
Te Wang (Prince Te), Secretary of the Mongolian Political Council and the direct descendent of Genghis Khan.
Mongol soldier - old style costume. Each Banner has a different hat or colored cloth headdress.

Left to right -

Duke of Right Khalkha Banner in which Pailingmiao is situated.
Pao Yueh-ching.
Mongol soldier - new style costume.

Mongol yurt or felt tent of average size being constructed. The supports are all of wood. The lower part is in four sections hinged with a leather thong wherever the sticks cross. The frame is covered generally with two layers of felt on the outside, and one on the inside for better yurts. One yurt like this is a load for two camels.

Duke of Right Khalkha Banner inside his yurt. This is of black and white felt with red lacquer woodwork and chests. He is opposed to the "Black Magic" practiced at Pailingmiao and recently ordered two Lama priests shot and one gagged with a horse bit for trying to pray people to death.



The main temple of Pailingmiao, the main temple of Right Khalkha Banner. This place is well known for periodic revivals of "Black Magic", a sort of voodooism.

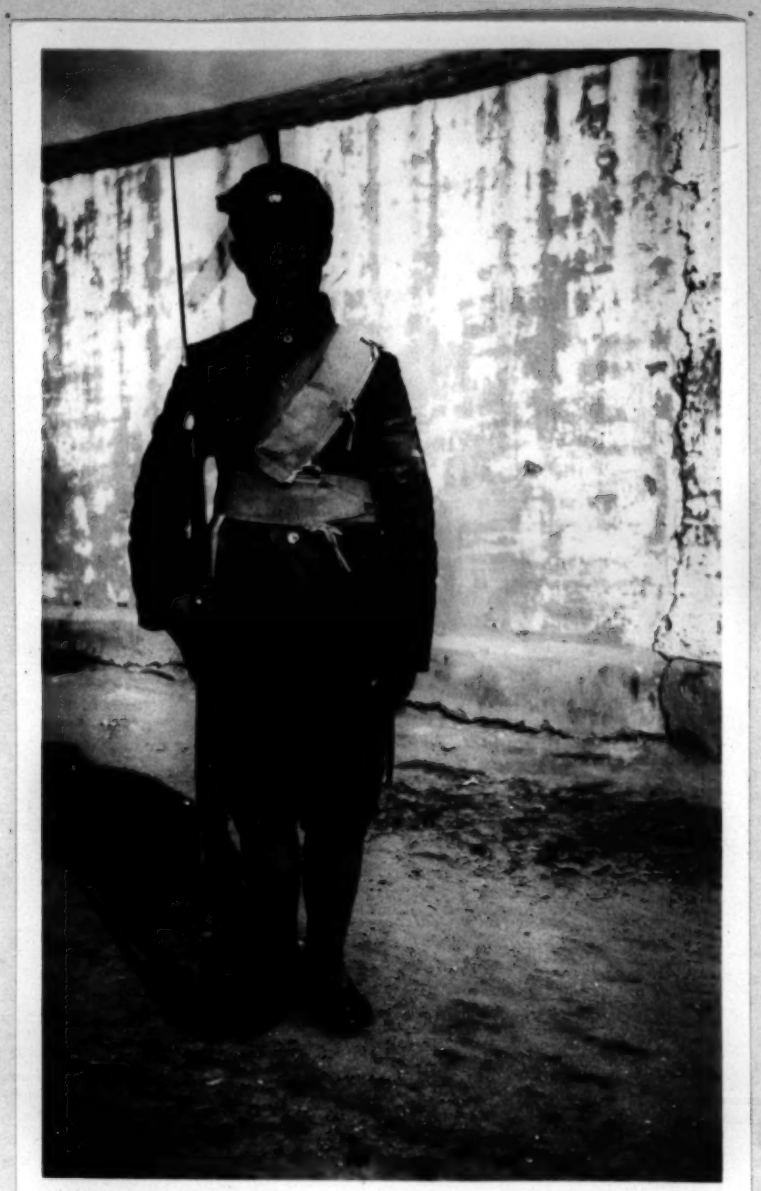
Temple group of Pailingmiao late in May 1935. Some 700 Lamas live here in the houses shown surrounding the temple. Aside from the Princes' palaces and Lamas' houses at temples, the Mongols live in yurts.

Group of Mongol princes and important persons at Pailingmiao.
Te Wang is in front arranging the group for a photograph.

Mongols at the Pailingmiao Conference.

Mongol water carrier.

Cloth tent used by the Mongols for short trips. It is very uncomfortable in cold weather.



Mongol soldier in new type of uniform to conform with those used by Nanking Government troops.

These soldiers have not received complete uniforms as shown above.

G-2 Report

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CHINA (Political)

Subject: Sino-British Boundary Dispute 2657-J-457

MIL. INTEL. DIV.
WAR DEPARTMENT
RECEIVED G/2 W. D. MAY 22 1935

Forwarded herewith is the text of notes exchanged between China and Great Britain regarding the boundary dispute in western Yunnan Province as announced by the Ministry of Foreign Affairs at Nanking. As of interest in studying the progress of negotiations for a settlement of the exact boundary between China and Burma, which have extended over a period of years (presumably since 1886), an article by Mr. C. Y. W. Meng entitled "The Sino-British Dispute Over Panghung" published in the April 13th number of The China Weekly Review, is forwarded at the same time.

This boundary dispute, while not a matter of any great concern, is being given a great deal of publicity by the Chinese side in order no doubt to secure a more favorable agreement at the forthcoming conference. The British side will in all probability be as conciliatory as possible in order that unfavorable comment in the Chinese press may not again mar the friendly relations between Great Britain and China that are at present being restored.

To-day the Central News Agency, a government organ, announced that the Ministry of Foreign Affairs has forwarded a memorandum to the Council of the League of Nations requesting that a neutral commissioner be appointed by the Council to the Sino-British Yunnan Demarcation Commission which is now being organized. The Ministry is selecting suitable persons to act as Chinese commissioners of the Commission.

It is still unknown whether the Chinese and British commissioners will meet in Nanking and then proceed to Yunnan or will go to Yunnan independently and then meet at Panghung, the district on the Yunnan-Burma border now under dispute.

W. S. Drysdale

W. S. Drysdale
Lieutenant-Colonel, Infantry
Military Attache

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From M/A, China Report No. 9104 April 20, 1935

SINO-BRITISH BOUNDARY DISPUTE IN YUNNAN

TEXT OF NOTES EXCHANGED BETWEEN CHINA AND GREAT BRITAIN

Nanking, April 17--With reference to the long outstanding boundary dispute at Pangbung on the Yunnan-Burma boundary, the Ministry of Foreign Affairs today announced that as a result of notes exchanged on April 9th between the said Ministry and Sir Alexander Cadogan, the British Minister to China, a Joint Boundary Commission will be established to investigate and report on the matter.

According to the notes exchanged the Commission is to be composed of five Commissioners, two each to be appointed by the Chinese and British Governments and a neutral commissioner to be appointed by the President of the Council of the League of Nations. The neutral commissioner will act as the Chairman and will have a casting vote in cases where the opinion of the other commissioners should be evenly divided.

The question of any modifications in the present position in the light of the report of the Commission or that of such topographical, historical or political factors as may appear relevant was provided for in an additional understanding reached in a second set of notes exchanged on the same day. A conference, if necessary, will be convened at Nanking between the representatives of the Chinese and British Governments including the representatives of Yunnan and Burma to discuss the question and the results of the report of the Commission and of any such subsequent negotiations will be embodied in a new agreement, pending the conclusion of which, the Governments concerned will reserve the position they have heretofore respectively maintained.

(Continued on next page)

The texts of the notes exchanged between Mr. [illegible]-wei and Sir Alexander Cadogan [illegible] follows:-

THE BRITISH NOTE NO.1

Nanking, April 8, 1935.

Sir,

With reference to our recent discussions concerning the proposed method of settling the question of the undemarcated southern section of the Burma-Yunnan frontier referred to in Paragraphs 3 and 4 of Article 3 of the Agreement between Great Britain and China signed at Peking on February 4th, 1897, I have the honour to inform Your Excellency that His Majesty's Government in the United Kingdom and the Government of India accept the following Terms of Reference concerning the establishment and functions of a Boundary Commission to be charged with the investigation of the undemarcated portion of the frontier in question.

1. The National Government of the Republic of China on the one side and His Majesty's Government in the United Kingdom and the Government of India on the other, being desirous of settling the long outstanding questions relative to the southern section of the Yunnan-Burma frontier and actuated by a genuine spirit of mutual conciliation and compromise, have agreed to establish a joint Boundary Commission to be composed of five Commissioners, two to be appointed by each side and a neutral Commissioner appointed by the President of the Council of the League Of Nations, the neutral Commissioner acting as Chairman of the Commission and having a deciding vote in cases where the opinions of the other Commissioners are evenly divided.

(Continued on next page)

2. The first duty of the Commission shall be to ascertain and determine on the ground and fix on the map the line prescribed in Paragraphs 3 and 4 of Article 3 of the Agreement of 1897 as far as they relate to the undemarcated portion of the frontier. In thus interpreting the Treaty Provisions on which the Governments concerned have hitherto failed to arrive at an agreed interpretation, the Commission shall give due consideration to all the provisions and indications in the Paragraphs of the Agreement of 1897 referred to above, namely, the co-ordinates pointé, the watershed and the geographical names mentioned.

3. It shall be the second duty of the Commission to report ad referendum to the Governments concerned in the light of its local examination of the ground on cases as indicated in Paragraph 6 of the Agreement in which the question appears to them to arise of local modifications of the general treaty line on the basis of mutual concessions.

4. The Chinese and British Commissioners may submit, if they deem it necessary, their personal viewpoints to the Governments concerned for their consideration.

I have the honour of request Your Excellency to confirm that the National Government of the Republic of China accept the above Terms of Reference.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

(signed) Alexander Cadogan.

(Continued on next page)

REPLY OF THE CHINESE FOREIGN OFFICE NO 2

His Excellency,
Sir Alexander Cadogan,
British Minister to China.

Sir:

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows: (here the British Note is quoted in full.)

In reply I have the honour to confirm that the National Government of the Republic of China accepts the Terms of Reference as quoted above concerning the establishment and functions of a Boundary Commission to be charged with the investigation of the undemarcated portion of the southern section of the Yunnan-Burma frontier.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

(Signed) Wang Ching-wei.

BRITISH NOTE NO [illegible]

Sir:

With reference to the Notes exchanged between us today concerning the establishment and functions of a Boundary Commission for the investigation of the undemarcated portion of the southern section of the Burma-Yunnan frontier I have the honour to confirm on behalf of His Majesty's Government in the United Kingdom and the Government of India that the following additional understanding has been reached between our respective Governments regarding the proposed negotiations for a settlement of the undemarcated section of the frontier.

(Continued on next page)

The question of any modifications in the light of the report of the Commission or in the light of such [illegible] historical or political factors as may appear relevant [illegible] subsequently negotiated in a spirit of mutual conciliation and compromise. For the purpose of such future negotiations a conference will, if necessary, be convened at [illegible] the representatives of the Governments concerned including the representatives of Yunnan and Burma. The results of the [illegible] of the Commission and of any such subsequent negotiations will be embodied in a new agreement. Pending the conclusion of such an agreement the Governments concerned will reserve the position which they have heretofore respectively maintained regarding the frontier in question.

I have the honour to request Your Excellency's confirmation on behalf of the National Government of the Republic of China of the above additional understanding concerning the proposed negotiations.

I avail myself etc. (signed) Alexander Cadogan

FOREIGN OFFICE'S REPLY NO II

Sir:

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows:-

(Here the British Note is quoted in full)

On behalf of the National Government of the Republic of China I have the honour to confirm the above understanding.

I avail myself etc.

(Signed) Wang Ching-wei.

--Central News Agency

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The Sino-British Dispute Over Panghung

BY C. Y. W. MENG (孟 心 史)

Captain Fuller in the House of Commons beginning of last month asked the Secretary of State for Foreign Affairs what progress [illegible] in the Burma-Yunnan border dispute with China?

The Secretary of State for Foreign Affairs (Sir John Simon): The question of setting up a Sino-British frontier commission under a neutral chairman to investigate the problem and submit recommendations is at present under discussion with the Chinese Government.

Captain Fuller: Is it not a fact that the boundary commission has been appointed, but there has been delay in the appointment of the chairman? Since this is under the League of Nations, could not something be done to hasten this appointment in view of the approaching summer?

Sir J. Simon: I was not aware of these features, but I will inquire. As regards the last observation, I think it is the case that in any event one would have to wait until late in the year.

PANGHUNG, a "mysterious territory" on the south-west border of the Province of Yunnan—"South of the Cloud"—rich in gold and silver and other natural resources, having a "golden river" which allegedly shines brightly in the night time, and which the natives have kept secret from the outside world, is another important piece of frontier territory which China claims is the "gateway" to the interior of China, and of which China could not afford to lose her right of possession and control, from the standpoint of national defence. It is another place where the foreign aggressors intend to gain entrance and possession when they have further "designs" in mind; it is also another spot where Sino-foreign relations have been constantly strained. In 1903, we heard about the British "invasion" of Pi Ma. In 1914, we heard again of a similar incident. In 1926, we heard about the British "invasion" of Kiang Sin Po. In 1933 we heard about the British "invasion" of Panghung. And now, we hear again of a similar incident. Undoubtedly, the problem before us is a complicated one, and deserves our full attention.

British Annexation of Burma

In 1862 Lower Burma had been annexed to British India, but Upper Burma had been left under the rule of its king, though within the British sphere of influence. But in 1886, apparently taking advantage of the Sino-Franco conflict over Annam when China was so much exhausted by the war and when China felt hopeless because of the situation, Upper Burma also was annexed to British India. By Article 2 of the Convention of 1886 it is provided:

"China agrees that in all matters whatsoever appertaining to the authority and rule which England is now exercising in Burma, England should be free to do whatever she deems fit and proper."

China lost another of her vassel states! But unfortunately, the said Convention did not settle the Sino-British frontier dispute once for all. By Article 3 of the same Convention, it is provided:

"The frontier between China and Burma is be marked by a Delimitation Commission, and the condition of frontier trade is to be settled by a frontier trade convention, both countries agreeing to protect and encourage trade between China and Burma."

This has been the origin of many disputes over the boundary between China and Burma.

Boundary Dispute Still Pending

The whole boundary line between Yunnan and Burma may be divided into "four Sections".

By Article 4 of the Convention of 1894, giving effect to Article 3 of the Convention of 1886 relating to Burma and Tibet, it is provided:

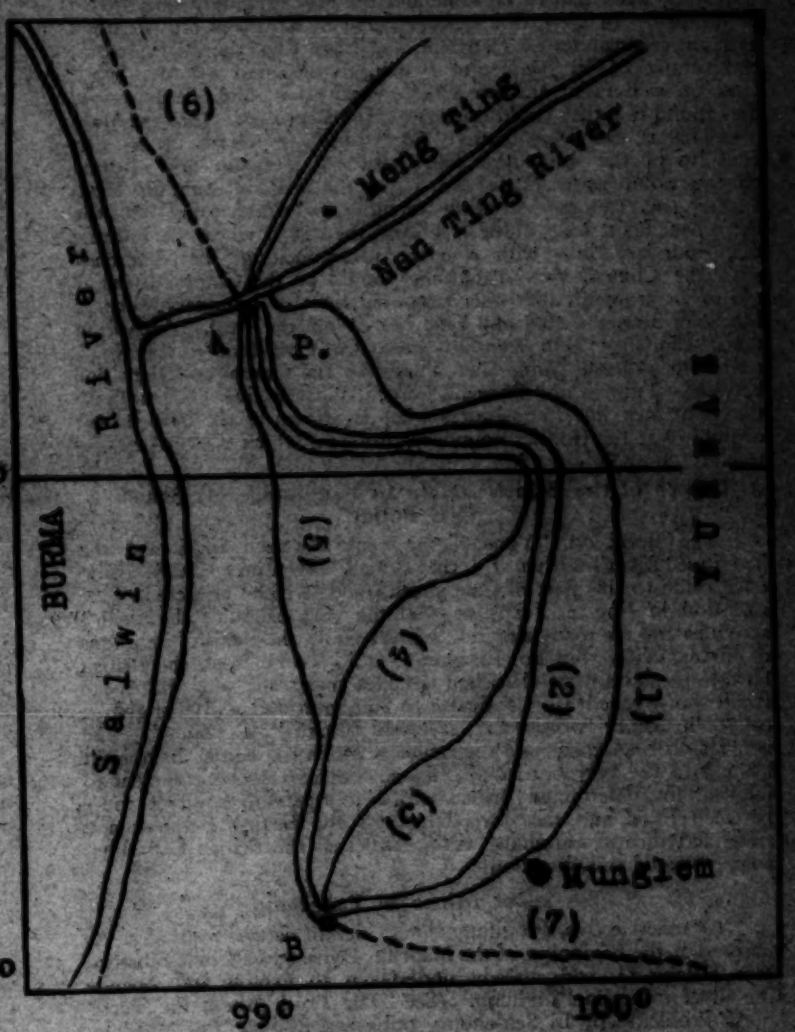
"It is agreed that the settlement and delimitation of that portion of the frontier which lies to the north of latitude 25° 35' north should be reserved for future understanding between the High Contracting Parties when the features and conditions of the country are more accurately known."

This left the boundary line between Yunnan and Burma on the northwest—or Sect. 1—entirely unsettled. The problem is still pending today. We can do no better than to quote what was said by Shih Fu-chen, the then Chinese Minister to London in his letter to Chung Li Yamen (foreign office under the Manchu Dynasty) dated October 16 of the 19th Year of the Emperor Kwangsu, to explain the reason why it was not decided, when he said that the British intention was to open up the route between Yunnan and Tibet, and that the original demand from the Foreign Office in London was to fix this Section of the boundary line at 28° latitude. "Once we are deceived by them, and once we sign the agreement, they would surely produce such agreement as an evidence to enter Tibet. In order not to be induced by them, we prefer to provide in the Convention that the portion of the frontier north of the attitude of 25° 30' shall be left undecided," said the Chinese minister. (See: 薛福成庸庵文編十種)

By Paragraphs 1 and 2 of Article 3 of the Agreement of 1897, the boundary line between Yunnan and Burma on the west—or Section 2—was provided and settled. But the blunders committed by the Chinese negotiators in wrongly fixing the boundary line, which was responsible for the loss of the "Shan State," which had been the tributary state of China from early times, is still strongly condemned by the Chinese historians today! (For historical account of the "Shan State", see an excellent article by Tung Chung-shu, published by the *Foreign Affairs Review*, Vol. 3, No. 11.)

By Paragraphs 3 and 4 of the same Article of the same Agreement, the boundary line between Yunnan and Burma on the south-west—or Section 3—was provided, but not settled, even up to the present day!

By paragraphs 5, 6 and 7 of the same Article of the same Agreement, the boundary line between Yunnan and Burma in the south—or Section 4—was provided and settled.



KEY TO MAP

Lines Nos. 6 & 7, or Section 2 and Section 4 referred to in the accompanying article, are the boundary lines between Yunnan and Burma, already agreed upon between China and Britain.

From "A" to "B" is Section 3 of the boundary—to which the Chinese and British authorities could not agree.

Line No. 1, or "Scott Line," drawn up by Mr. Scott to be the boundary line between Yunnan and Burma.

Line No. 2, also known as "Scott Line," when he re-drew the boundary line with a view to reconciling the difference with the Chinese view.

Line No. 3, designated by the Foreign Office as the boundary line.

Line No. 4, or "Liu-Chen Line" when they re-drew the boundary line with a view to reconciling the difference with the British view.

Line No. 5, or "Liu-Chen" Line, when they first drew up the boundary line, based on the map submitted by Shih Fu-chen, the then Chinese Minister to London.

"P" stands for Pangchung.

Whither Pi Ma, Kiang Sin Po, Etc.?

Along Section 1 of the undecided boundary line between Yuannan and Burma there lies Pi Ma, Kiang Sin Po, etc., the total area of which is as big as that of the Province of Kiangsu. They are a virgin land, rich in natural resources; and they are the "gateway" to Yunnan, Tibet and Sikong. As early as the end of the

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NOV 5 1935
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2657-D-452

CHINA (Political)

Subject: Local Governments

System of Government - South-western Provinces.

RECEIVED G/2 W. D. NOV 5 1935

1. Introduction.

The first half of the current year has shown progressive changes in the relations between the government of the Southwestern Provinces, commonly called the Canton Government, and the Central Government at Nanking. The trend of these changes has continuously been toward greater unity with Nanking. In view of the importance to China and the world of the unification of China, it is believed that an analysis of the present situation and a historical sketch of the present Canton regime may be of interest.

2. Organization of the Government of the Southwestern Provinces.

The term "Southwestern Provinces" has at various times included Kwangtung, Kwangsi, Kweichow, Yunnan and Szechwan, and the authority of Canton has expanded and contracted during the past four years in all or parts of all of these provinces. In 1935 however, the government of the Southwestern Provinces is strictly limited in scope to the provinces of Kwangtung and Kwangsi. Kweichow was the latest Southwestern Province to come under the direct control of Nanking, in April 1935.

The civil governing power in the two remaining Southwestern Provinces is vested in two organs created immediately upon the downfall of the Canton "National Government" at the end of 1931. These organs are: (a) The Southwest Division of the Central Executive Committee of the Kuomintang and (b) the Southwest Political Council.

(a) The law creating the Southwest Division of the Central Executive Committee of the Kuomintang provides that it shall "direct, control and adjust all provincial and municipal affairs in the Southwest". Southwest appears to include such provinces as may from time to time come under Canton's control. As stated above, at present this means only Kwangtung and Kwangsi.

The membership of this committee consists of "all members of the Central Executive Committee residing in the territory where the Southwest Executive Committee has jurisdiction". Actual power however is in the hands of the Standing Committee of the Executive Committee and heads of bureaus under it. At present the Standing Committee comprises:

Hu Han-min (now in Europe)
Ch'en Chi-tang (military lord of Kwangtung)
Pai Ch'ung-hsi
Liu Chi-wen
Ch'en Tze (absent from Canton since 1932)
Li Yang-ching

Hu Han-min and Ch'en Tze are purely honorary members, not having been in Canton except for brief visits since 1932.

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Ch'en Chi-tang, the supreme military commander in Kwangtung, is the dominating member of this Standing Committee as he absolutely controls the votes of his henchmen, Li Yang-ching, a political soldier, and Liu Chi-wen, the Mayor of Canton. Pai Ch'ung-hsi represents the Kwangsi military clique on the council and is independent of Ch'en Chi-tang to a certain extent.

(b) The Southwest Political Council "under the immediate control of the Nanking Government exercises supervisory and directional power in the Southwest over administration and audit, in connection with civil affairs, military affairs, finance, communications, industry, education and justice. It shall have a membership between 15 and 27 of whom 5 to 7 shall constitute a standing committee, each member of which shall act in rotation as chairman of the weekly meetings". Selection of members is a function of the members themselves so that the council is entirely self-perpetuating. The council is empowered to "decide by resolution matters relating to the appointment and dismissal of administrative, judicial and audit officers of the intermediate rank and above, provincial and inter-provincial matters which the provinces themselves are unable to decide, matters relating to budgets and final settlements of accounts and matters authorized by law or resolution of the standing committee". It is provided that the Southwest Political Council may issue orders and regulations to be applicable in the territory under its jurisdiction within limits not conflicting with the laws and regulations of the Central Government and all its laws and resolutions must be submitted to the National Government for approval. Matters involving a dispute between ministries of the Central Government and local officials must also be referred to the Central Government for decision. Needless to say the above regulations regarding reference to the Central Government have often been dead letters in practice though they now are acquiring force.

The membership of the Standing Committee of the Southwest Political Council, in which all the Council's power really resides, is:

Ch'en Chi-tang (Kwangtung warlord)
Hsiao Fo-cheng (now in Siam)
Li Tsung-jen (Kwangsi warlord)
Tang Shao-yi (now in eclipse)
Tsou Lu (Chancellor of Sun Yat-sen University)
and subservient to Ch'en Chi-tang)

Inspection of the above list will show the extent of power held on the Council by the military, Ch'en Chi-tang and Li Tsung-jen. The civilian members, Hsiao Fo-cheng and Tang Shao-yi, are now merely nominally in power as they have

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System of Government - South-Western Provinces.

differed with Ch'en Chi-tang and either left the country (Hsiao) or been deprived of actual office in discredit (Tang). Tsou Lu may be regarded as merely a learned mouthpiece of Ch'en Chi-tang.

Officials of other important civil agencies in the Southwest are:

Special delegate for foreign affairs, Kwangtung and Kwangsi: Kan Chieh-hou.
Chairman Kwangtung Political Council (Governor) of Kwangtung: Liu Yun-hai.
Chairman Kwangsi Political Council (Governor of Kwangsi): Huang Shu-ch'u.

In the words of the U.S. Consul General in Canton, 1932, Mr. J. W. Ballantine: "It is believed that on account of the unstable character of the political system a detailed analysis of.... (the organic laws).... would be of but passing interest. Furthermore, as these laws lack precision and clarity and as their provisions are now always treated as mandatory by the authorities since the government is essentially one of men and not of laws, it is necessary to keep the personalities of the leaders rather than the constitutional framework in the foreground of the picture. Indeed it is not too much to say that the constitutional framework is largely window dressing and that the real government is carried on, in accordance with the unwritten constitution of Chinese tradition, by leaders who have little real regard for the political idealism of Sun Yat-sen and only rudimentary conceptions of modern political science".

2. Such being the case, we may proceed directly to a discussion of the actual present relation of this Southwest government, whose framework is merely outlined above, to the National Government of China.

(a) Economic.

The past half year has been one of unremitting pressure by Nanking upon the economic life of the Southwest designed to force upon the Southwest greater political and military subservience to Nanking.

The world economic depression, as heightened in China by the silver crisis brought on by America's policy, has been felt with particular force in Canton. The great export trade of Canton in silk has practically collapsed. Export of silk for the first half of 1935 was less than half of that for the similar period of 1934. The Canton Government has been making frantic efforts to relieve the industrial unemployment and agricultural depression resulting from this collapse of the silk growing and weaving industry by subsidizing the growing of

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sugar cane on the idle silkworm farms and the manufacture of sugar for export in Canton factories. This project, while very practical, has run against the power of Nanking to shut off the sale of Canton sugar in its principal market, the Yangtze cities, by means of interport duties and transit taxes. Nanking at present threatens the use of this power to force political docility on the part of Canton. In view of the large stake of the Canton Government in the new sugar industry and the high hopes this industry holds for economic recovery if permitted to function, Canton politicians are in a difficult position indeed before the tax threat of Nanking.

The completion this spring of the occupation of Kweichow by Nanking troops has also been used to exert economic pressure upon Canton. The trade route from Kweichow Province to the sea has always been through Kwangsi and Kwangtung. This trade, being largely in opium, has been immensely valuable to the two Southwest provinces, some authorities placing it as high as $12,000,000 Mex. per month. In April of this year, Chiang Kai-shek issued simultaneous edicts ordering Canton troops out of Kweichow Province and ordering the export goods of the province to use a trade route north to the Yangtze Valley newly opened by his armies. According to consular reports the reaction of the press in the Southwest to this blow has been almost pathetic. All truculence has disappeared from its attitude toward Nanking and the editors are prayerfully hoping that Canton troops may soon again be allowed to co-operate with Chiang Kai-shek in Kweichow.

(b) Political.

In view of the tremendous economic pressure Nanking is bringing to bear in the Southwest it is not surprising that Canton politicians are showing rapidly increasing willingness to get along with their northern rivals. Indeed the only hold-out of any importance now is the irreconcilable Hu Han-min. Nanking has had emissaries in Hongkong and Canton nearly all of this year who have been trying to bring Hu back into the fold. At times their efforts seemed to be making headway, as when Hu, the irrepressible, remained unexpectedly silent at the outcome of the Chahar incident and other Nanking yieldings to Japan early this year. But further indications of even closer "co-operation" with Japan on the part of Chiang Kai-shek were apparently too much for Hu to stomach and on June 9, 1935, he sailed away to Europe for his health. Possibly he wanted to place himself at a safe distance from the emissaries of the insidious tempter at Nanking.

(c) Military.

The first few months of 1935 were marked by an apparent paring down of Ch'en Chi-tang's military subsidy from the National Government. This subsidy has nominally been paid to further Ch'en's assistance in suppressing the communist

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armies in the south. Really of course it is to keep Ch'en from cherishing such ideas of independence from Nanking as he entertained in 1931.

With the increasing military and economic power of Nanking becoming daily more apparent even to Ch'en, the necessity for such large subsidies for the purpose stated above became less and naturally Nanking threatened to cut them down. Ch'en Chi-tang is said to have promptly knuckled under. Judging from appearances he has apparently completely sold out to Nanking, for instead of decreasing the subsidies of his now helpless southern rival, Chiang seems to be helping him out of his financial difficulties. Ch'en has found money for the purchase of airplanes in greater numbers, development of his military academy and introduction of a sort of conscription in his territories designed to increase the strength of his armies. One fact is certain - Ch'en is not getting this money out of the dwindling revenues of Kwangtung. What seems more probably the case is that Ch'en has definitely severed himself from all political entanglements with the Canton politicos and has returned to his old position as a henchman of Chiang Kai-shek.

Source: Study in M/A Office.

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CHINA (Political)

Subject: Local Governments

Nanking Approaches to Li Tsung-jen

2657-9-452/1 2657-9-452/2

RECEIVED G/2 W. D. FEB 25 1936

In G-2 Reports Nos. 9215 and 9271 the current organization of the Southwest Political Council and the relations of this council with Nanking were discussed. The autonomy of the Southwestern provinces, Kwangtung and Kwangsi, was described as resulting from and depending upon the firm alliance between the Kwangtung warlord Chen Chi-tang and the Kwangsi Duumvirate, Li Tsung-jen and Pai Chung-hsi. It is now reported from Canton that both the Japanese and the Nanking Government have been working to drive a wedge between these two powers to break up their alliance. Japanese activities are obscure though it is said that Kwangsi has accepted a military mission of twenty Japanese aviators and is buying considerable equipment from Japan. But Nanking's approaches to the Kwangsi party have taken definite form in the past few weeks.

It is now authoritatively reported that Chiang Kai-shek has offered Li Tsung-jen the post of Communist-Bandit Suppression Commissioner of the Provinces of Hunan, Kweichow and Kwangsi. The appointment as such included no definite political powers in the provinces named but authorized the employment of Kwangsi troops in Kweichow. Offer of the appointment was made directly to Li, without going through the Southwest Political Council, by telegram towards the end of December. To date it is not known whether Li has accepted the post or not, but it is known that at least four Kwangsi divisions have been sent into Kweichow Province.

Considerable excitement and speculation has been aroused in the Southwest by this move on the part of Chiang Kai-shek. It will be remembered that when Chiang completed the "pacification" of Kweichow early last spring (see G-2 Report No. 9215) he seized the opportunity to organize that province as an integral part of the Nanking domain. Previous to the communist campaign the province had been part of the domain of the Southwest Political Council. In annexing Kweichow to the Nanking domain Chiang issued peremptory orders on April 6, 1935, that all Kwangtung and Kwangsi troops were to be withdrawn from the province permanently. When this had been accomplished Chiang proceeded to divert all the trade of Kweichow, including the rich opium traffic, north through Szechwan, thus causing severe economic loss to the Southwest provinces, Kwangtung and Kwangsi, which had previously monopolized this trade.

With the re-admission of Kwangsi troops into Kweichow it would appear that Chiang is relaxing his grip on the province in favor of Li Tsung-jen. Such a development should be hailed with joy by the Southwest Political Council. That it has not been so welcomed is regarded as a symptom of internal difficulties in the Southwest alliance itself. It is said that the

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Nanking Approaches to Li Tsung-jen

Southwest Political Council, under the domination of Chen Chi-tang, has ordered Li Tsung-jen not to accept the bandit suppression post as offered.

The reasons are obvious. If Li gains control of Kweichow under Nanking auspices and independently of the Southwestern alliance with Chen Chi-tang, the balance of power in that alliance will be dangerously upset in Li's favor. It is said that a very tense situation now exists between the two leaders and that acceptance of the post by Li will be the end of the adamantine alliance that has preserved Southwestern autonomy for over six years.

As said above, it is not yet known that Li has definitely accepted the post of bandit suppression commander. He has, however, already sent his divisions into Kweichow. It remains to be seen if Kwangtung divisions are allowed to join him there, to divide control of the province with him. If such turns out to be the case, harmony may continue in the Southwest Political Council. If not it may be the beginning of the end of the Southwestern alliance.

By holding out the rich bait of Kweichow Province to Li Tsung-jen together with some power in Hunan, Chiang is pursuing his policy of trying to break up the southern opposition that has been a thorn in his flesh for so long. The very tender of the post to Li is enough to awaken deep dark suspicions in the mind of Ch'en Chi-tang concerning possible intrigue between Li and Chiang Kai-shek.

In this connection there are interesting rumors concerning Pai Chung-hsi, the silent partner of Li Tsung-jen. He is said to have become articulate lately, his remarks being violently anti-Nanking and anti-Japanese. This leads evil-minded observers to suspect that there actually has been intrigue between Li and Chiang. The plot is surmised to be that if Chen forbids Kwangsi to take over Kweichow and still remain within the Southwest system, Li will nominally give up Kwangsi and go over to Nanking, leaving Pai Chung-hsi, his blood brother, as sole ruler of Kwangsi. Then, after Li has consolidated his power in Kweichow and Hunan he may be in a position to force Chen Chi-tang to readmit him to the Southwestern system with greatly enlarged powers therein.

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CHINA (Political)

Subject: Local Governments - General

Political Relations Between Canton and Nanking.

RECEIVED G/2 W. D. FEB 12 1936

2657-J-452-1

The smoke having had time to clear away from the field of the 5th National Congress of the Kuomintang held at Nanking in November, it has been possible to form some new impressions concerning Canton's attitude toward Nanking.

It will be remembered that the attendance at the Congress of the Canton civilian politicos, plus the new cordiality of Nanking toward Southwestern military expansion and the reported initial intention of Chen Chi-tang and Li Tsung-jen themselves to attend the Congress, gave the impression that the longstanding breach between North and South was in process of healing. (See Comments on G-2 Report No. 9215.)

evaluation

It now appears that this willingness of the Southern leaders to take part in the Nanking Congress was merely preparation for the possibility, small as it was, that Chiang Kai-shek might decide to go to war with Japan. Proof positive that this was the case is to be found in the iron clad instructions issued to the Southwestern delegates prior to their departure for Nanking by their lords and masters, the military dictators. These instructions were that the Southwestern delegates were to accept no posts under the National Government unless and until actual hostilities against Japan had broken out prior to the end of the Conference.

This attitude on the face of it would appear to indicate enthusiasm for war on the part of Ch'en and Li. It is in line with the many patriotic outbursts credited to those militarists. According to their speeches and articles in the press, Kwangtung and Kwangsi are eager to spring to arms and save the nation from Japan. They are only prevented from so doing by the treacherous pacifism of the National Government.

However, examination of the situation which the Southwestern provinces would be in, in the event of war, leads to suspicion that such a warlike and patriotic attitude on the part of the Southwestern leaders is as spurious as Chinese political attitudes generally are. The real Southern attitude is this: We don't want war but if war comes we will take every chance it offers to protect and improve the position of the Southwest provinces.

What are the conditions which the Southwest expects to face in the event of Nanking declaring war against Japan?

It is known that in the event of war in the near future Chiang Kai-shek intends to give up the lower Yangtze basin and retire with his army intact into Szechwan and Kweichow, then to await a more favorable opportunity to strike back (see

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G-2 Report No. 9213. But Szechwan and Kweichow have not the resources to support an army the size of Chiang's. Chiang must inevitably look to the Southwest provinces, Kwangtung and Kwangsi, for economic sustenance. In order to guarantee that such sustenance is forthcoming under his own terms, he must undertake a complete military occupation of those two provinces similar to that effected in Szechwan and Kweichow last year.

Such a prospect is horrible to the eyes of the Southwestern warlords, Chen Chi-tang and Li Tsung-jen. Japan may come and Japan may go, Chiang Kai-shek may succeed or fail, but Chen and Li intend to rule the Southwest till they are called to their ancestors. It was therefore up to these doughty warriors to take counter steps, and they were not long in forthcoming.

Chen and Li professed to view with alarm Chiang's contemplated strategy of withdrawal from the lower Yangtze. Before the Southwestern delegates had even departed for Nanking Chen told Chiang Kai-shek that in the event of war he was prepared to send 70,000 of his best troops to the lower Yangtze valley to "help defend" the Tientsin-Pukow railway line. At the same time Li Tsung-jen stated he would put 50,000 men on the Peiping-Hankow line. The implications are obvious. If Chiang retreated to Szechwan as he has already almost committed himself to do by removal of war installations to Chengtu, etc., he would be abandoning the Yangtze not merely to Japan but in the first instance to the Southwestern leaders.

Chen and Li, once in the lower Yangtze, and in superior military force might very well issue an impassioned plea to the nation to rally and save that great region under Canton auspices. In case of the success of such a plea the supreme national power would fall like a ripe plum into the laps of Chen and Li, who would be not loath to receive it.

Chiang was thus barred by his own self-interest from going to war under the only plan whereby he hoped to save his power in the country, - retirement to Szechwan. The instant his troops pulled out of the Yangtze basin that area, including Shanghai and Hankow, would be taken over by Canton. He may be willing to yield those areas to Japan after a show of resistance but he is far from ready to yield them to Canton under any circumstances. He is faced with two highly unpleasant alternatives, both of which involve his elimination from the national scene. If he fights Japan in the lower Yangtze he is certain that his precious army will be destroyed in the first battle. If he retires to Szechwan with his army intact Canton will seize the National Government, leaving him to starve in the western mountains.

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Political Relations Between Canton and Nanking.

In view of the value Chiang puts upon his own supremacy in China, it is not surprising then that he does not go to war. As he sees it, war means the certain downfall of Chiang Kai-shek at the hands either of Canton or of Japan. He will therefore continue to yield to Japan as long as his own position is not destroyed. When that happens he will take off with his war chest to some safe foreign refuge and enjoy a well earned rest.

Canton is seen to be as distrustful of and hostile to Nanking as ever. Canton is not afraid of war with Japan because its distance from the theatre of Japanese expansion makes it relatively safe from invasion - or so Chen Chi-tang is quoted as actually saying. Canton is merely waiting and hoping that the result of war will be the emergence of Canton as the governing power of China.

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CHINA (Political)

Subject: Local Governments - General

Conditions in Kwangsi Province

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1936

RECEIVED G/2 W. D. JUN 2 1936

The following notes are based on personal observation and conversations with the governor, the military chief of staff, heads of bureaux, other government officials, officials of oil companies, missionaries, business men, etc. In general, the impression is decided that a concerted effort is being made by Li Tsung-jen, Pai Ch'ung Hsi, and Huang Hsu-chu to put Kwangsi Province on the map as a model for the rest of the country to follow. The friendship that exists between these men, and their common antipathy towards Nanking augurs well for the success of their plans, if they succeed in remaining in power, and if they continue their policies in the face of obstacles. They have at least imbued the population generally with enthusiasm for these policies, which are ostensibly altruistic and aimed at the improvement of the masses. Of course, similar experiments have been tried before and have petered out, and of course, the farther such an experiment progresses, unless it is loyal to the Central Government the more dangerous it becomes to the Central Government. Li Tsung-jen and Pai Ch'ung Hsi seem at present irreconcilables, but if Nanking could decide to lead the way in a war against Japan, then Li and Pai could hardly evade the responsibility of participating. In other words, there is a fair chance that the question of the Southwest, like many other questions, could be solved if only the Generalissimo could find it in himself to live up to his high-sounding title.

I. BASIC INSTALLATIONS.

The fundamentals have not been overlooked by the authorities in their endeavor to develop the province. At Nanning such basic factors as weather, chemical analysis, animal health, etc., have been well provided with facilities.

Chemical Research Bureau. A modern chemical research bureau under a foreign trained chemical engineer has been built at Nanning. Its mission is to determine what is possible in its field to commercialize the resources of the province. An extensive survey has been made of the ores in the province, experiments are being made to see what oil can be produced, whether or not paper can be made, and such things as varnish, glass, perfumes, ether, etc., can be produced. The director of this institute is enthusiastic about the possibility of developing the tungsten and gold deposits. The tin mines have already been proven and it is claimed that there are extensive deposits of lead, zinc, antimony and molybdenum which can be worked profitably. Limestone abounds, and there are good deposits of iron, but there is as yet so little coal as to be negligible. At present the coke used in Kwangsi is shipped from Canton and the iron comes from Kiangsi.

From M/A, China Report No. 9348 May 5, 1936

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CHINA (Political)

Subject: Local Governments - General

Conditions in Kwangsi Province

Bureau of Animal Industry. Another basic plant in Nanning is the bureau of animal industry. It was developed by Dr. E. A. Rodier, formerly in charge of the B.A.I. in Manila. There are about one and one-half million draft animals in Kwangsi, and the purpose of this bureau is to improve the health of these draft animals and prevent losses by epidemic sickness. At present the bureau concentrates on the prevention of rinderpest. It is estimated that the losses from this disease have been cut already from 50% to 80%, an annual saving to the province of at least two million dollars. Dr. Rodier not only has built an institute for the production of serum but he has also started the training of inspectors, gotten through a quarantine law, and provided for a field force and prompt reports from areas where sickness originates. Every hsien magistrate is required to report by telegraph any case of suspicious animal sickness. The bureau at once sends a squad to the threatened area with authority to destroy animals, institute quarantine, or take other measures necessary. Dr. Rodier reports that all magistrates are learning to cooperate with him in his efforts to stamp out sickness. Already about 150 inspectors have been trained who are competent to work in the field.

This B.A.I. plant is by far the best thing of its kind in China and would be a credit anywhere. It was developed practically single-handed by Dr. Rodier.

Weather Bureau. A weather bureau has been set up as a part of the basic equipment of the province and is starting complete meteorological reports. It is well equipped, mostly with German apparatus, and is in charge of an American educated director.

Agricultural Experimental Station. Another basic institution is the agricultural experimental station at Liuchow, which I did not see. This station is making experiments on seed selection and improvement of stock.

Political Science. The so called political science school at present is only a building where hsien magistrates are getting lectures and short courses in their duties. This school is shortly to be developed into a real school of political science when the school is moved to Nanning.

Printing Plant. There is a modern printing plant well equipped with foreign and Chinese machinery. The more complicated machinery is foreign but two-thirds of the machinery used is Chinese built. This plant does all the printing for the province and at the time of my visit was working on 1,500,000 school pamphlets. By the end of the year it was estimated that ten million would have been printed and issued. The plant is also equipped for all reproducing work, including maps.

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Conditions in Kwangsi Province

II. PROVINCIAL GOVERNMENT.

The machinery of the provincial government (civil) is all concentrated in one building at the capital, and divided into four bureaus, - Reconstruction, Education, Finance and Civil Affairs.

Reconstruction. At once upon entering the province the progress made in reconstruction is most noticeable. There are few large cities in Kwangsi. Nanning, the largest, has not more than 100,000 inhabitants, and the others, such as Wuchow, Liuchow and Kweilin, range from that figure down to about 40,000. Outside of these towns, the population is scattered in smaller towns and villages. In these larger cities roughly half of the old narrow alleys have been torn down and replaced by broad concrete streets averaging 40 ft. wide. New shop fronts have been built, usually with a 10 ft. covered sidewalk in an arcade along the gutter. These improvements are in general very substantial ones and give the towns the appearance of a Spanish city. The fact that a water supply and proper sewerage have been left out seems strange to a foreigner, but the Chinese have not yet progressed to the point where these things are of primary importance. In making these improvements, land owners are not reimbursed for the ground taken from them nor for the expense of replacing their store fronts. The province and the municipality pay for the concrete street improvements, with in some cases a small assessment being made on the land owners. The obvious improvement in the property that results has prevented dissatisfaction on the part of the land owners, at least up till now.

Not only has an attempt been made to start the transformation of the cities, but in the country at various places new model villages are being laid out to serve as examples of what may be possible generally. In these villages the streets are wide and paved, usually a covered market is provided, and the character of the construction generally is far more substantial than in the old style buildings.

Another point that strikes the visitor at once is the network of roads which extends all over the province. Bus lines run everywhere, and all transportation is owned and operated by the road bureau. These roads have been built partly by soldiers but mainly by forced labor, the bridge work being paid for by the province. The roads range from poor to fair, but are all passable, although maintenance is going to be a serious problem. However, the soil, which is a sandy, gravelly loam, lends itself to road building; as soon as the grade is in and rolled the road can be used. The attached map shows the road net as of July 1935.

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There are no railroads at all in the province except one narrow gauge line about thirty miles long which is being built as an outlet for a coal mine. The province feels the need of an outlet to the sea other than the one down the West River to Canton, and has investigated the possibility of building a railroad from Nanning to Pakhoi. Finding that this line would cost $14,000,000 they have deferred the project indefinitely.

There is an extensive telegraph net of about 3,000 miles in the province, besides 1,000 miles of telephone wire. Radio is controlled by the military.

Various projects are under way or in prospect for developing Kwangsi's resources. For instance, a modern cane-sugar plant has been built at Kwei Hsien; there is a textile factory at Nanning, which turns out the gray cotton cloth worn by nearly everyone in the province; there is a plant for rubberizing textiles, also at Nanning; a survey of mineral resources is under way, agricultural experiments are being made, etc., etc. On a province-wide scale, such developments will of course take time, but what reconstruction has so far been accomplished has been done in the last three years, and if equal progress is made in the next three the entire aspect of the province will have been changed.

Education. The government realizes the importance of education, and a so called Institute of Foundational Training has been set up in Nanning. It controls education in the province; decides what subjects shall be taken in the schools; gets out text-books; provides teachers; assigns schools to various regions, etc. This institution is to be the basis for educational work in the University, which is being moved from Wuchow to Nanning. An effort is being made to have everyone in the province taught to read and write. Education is compulsory for children 8 to 12 years old. Those from 12 to 18 who cannot read and write must attend school for one year. Anyone between the ages of 18 and 45 who cannot read and write must attend school for six months. These requirements are being carried out, and the Director of Education estimates that in three more years there will be no illiteracy in the province.

There are already 15,000 elementary schools established. The aim is to have at least one in every village in the province. In contrast to this there are only 57 middle schools and one university in the province, but the authorities are quite satisfied with this condition and are willing to wait until they have properly established the lower schools and wiped out illiteracy before going on with any higher education generally. The educational institute at Nanning controls about 20 square li of land with several villages on it, which it uses as a laboratory. The teachers studying in the institute are taught

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to develop these villages as a part of their course, for instruction in elementary sanitation and hygiene is as large a part of their elementary education as reading and writing.

The care and common sense with which this institute has organized its work is shown by the nature of the pamphlets which it has originated for use in the schools. They are uniformly simple and short and deal with one subject, or one phase of a subject. They are merely paper pamphlets about 4" x 5", which can be produced so cheaply as to be available to everyone. The printing plant has just completed an order for one and one-half million such pamphlets and expects to get out ten million before the end of the year. They are supplied to all schools by the provincial government, free of cost.

The need for teachers is very acute and to supplement those trained at the institute 50 camps have been set up in the province where elementary school teachers take six-month courses to fit them for their duties. The institute itself has attached to it a model camp which is really a model as far as cleanliness and neatness go.

Incidentally, in the schools all over the province both girls and boys wear uniform and are given military training. They appear to like it; boys and girls both turn out early in the morning for drill and groups are seen everywhere through the day, marching through the streets and singing. They are invariably clean and know their drill, and a great deal of enthusiasm has been aroused by the officers detailed to train them.

Finance. This is a serious matter in Kwangsi. Economy has to be real to do anything on a large scale. The squeeze exists, of course, but it has been reduced considerably. All salaries are small, which tends to temptation, but it seems to be a fact that the courts have acted to remove officials who go too far. The effort to improve the condition of the farmer presupposes that his tax burden be light. This seems to be so; the land tax is reasonable, and has not been collected ahead. The main sources of revenue seem to be still the transit tax on opium, the land tax, and the business tax, which is simply the diversion into the provincial treasury of the customs duties which are being constantly evaded by means of the military hu-chao. By this means, supplies of all kinds go by the customs and are delivered in Kwangsi free of duty; the province then puts on a "business" tax equivalent to the duty, and commerce continues as before. This evasion of duties has become a serious matter to the maritime customs at Canton.

For reconstruction on a big scale, which seems to be the ambition of the Kwangsi leaders, a big loan is of course indicated, and there are rumors that the money is available in Japan. Whether or not Kwangsi has sold out is at present guess work with any one who might be expected to know.

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Civil Affairs. The administration of the province is in the hands of the Governor, who deals direct with the hsien magistrates. These officials are called to Nanning from time to time and instructed in their duties and responsibilities. The influence of the Governor is thus felt all over the province, and since all his measures are, on the face of them at least, designed for the good of the common people, he is being supported enthusiastically. When the Governor wears gray cotton overalls and works twelve hours a day, the hsien magistrates can hardly do less.

III. MILITARY SYSTEM.

The military force maintained by Kwangsi Province consists of the 7th and 15th Chun, - less than 20,000 men. However, a so called people's militia has been organized, service in which is obligatory for every able-bodied man between 18 and 45. Instead of drafting recruits for a large standing army, taking them away from their homes and undergoing the expense of training and feeding them, in Kwangsi units are organized locally. The militia soldiers are taught that Kwangsi is conducting a great experiment, that it is going to be the model province of China, and that they are doing their patriotic duty in serving as soldiers. They feel that they are protecting their own families, their own homes, their own villages, and at the same time they feel a patriotic urge for the development of the province.

Instructors are sent to all these units from the regular forces, and as a result this militia is probably as well trained as the average unit anywhere in China. The province does not have to feed or clothe or pay these troops, but they are available not only for local defense but for service anywhere in the province. 100,000 of them were mobilized last year and successfully opposed the communists along the northern border. As a result of the formation of these local militia units, banditry has disappeared and it is quite safe to travel anywhere in the province. At a conservative estimate Kwangsi could put 1,000,000 men in the field, - poorly armed and equipped, it is true, but fairly good soldiers as Chinese go. Direct responsibility for the command of the units is laid on the hsien magistrate.

An attempt has been made to establish aviation in Kwangsi. The airplanes destined for the Fukien Rebellion, which were not delivered there, have been sent to Kwangsi by the Japanese at a reported price of 30¢ on the dollar, and several machines taken from Chang Hsueh-liang by the Japanese were also thrown in as a present. There can hardly be more than 40 planes in the provincial aviation, which is all concentrated at Liuchow where a school is being conducted for aviators. Aviation is too costly to be developed to any considerable extent in Kwangsi Province.

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For the regular forces a cadet school exists in Nanning of about 1,200 students. Besides the cadet training, various courses are given for officers and men detailed from the regular organizations. Small arsenals exist at Nanning and Liuchow, but beyond producing some small arms ammunition and some trench mortar shells, these arsenals are as yet of small importance.

The most striking thing about the Kwangsi military set-up is its morale. The system of local militia has created a sense of responsibility and pride of service, - no one objects to protecting his own home, - and the economy of the measure is obvious. The military leaders of the province have gained the confidence of the people to a remarkable extent and little opposition has developed anywhere to the rather exacting provisions for military training. The Kwangsi man believes he is easily the superior of the Kwangtung man, and apparently the Kwangtung man rather believes it too, having been beaten each time he meddles with his neighbor on the west. At any rate the Kwangsi military, with comparatively meager means and with a population far short of that of Kwangtung, are not by any means playing second fiddle in the south-west orchestra.

IV. GENERAL REMARKS.

There is an air of great enthusiasm all over the province. No objection could be heard anywhere to the policies which are being followed by the provincial authorities. The civil governor is generally well respected but there is no doubt that the military authority is dominant. Pai Ch'ung-hsi may be sincere in his altruistic claim of developing Kwangsi into a model province, but there seems to be no doubt that he still hates the Nanking faction and will be loath to cooperate with it. The relations between Kwangtung and Kwangsi seem to be close and cordial. Li Tsung-jen lives in Canton with occasional visits to Nanning so that the province is well represented on the Southwest Political Council.

The Kwangtung authorities do nothing to prevent free access of supplies of all kinds by the West River into Kwangsi so that this bottleneck does not seem to inconvenience Kwangsi in any way. It is commonly felt that the Kwangtung people are afraid of the Kwangsi military by whom they have been defeated on previous occasions.

With all the enthusiasm in the province and the genuine effort that is being made, there is a definite danger that the authorities will fly off at tangents. For instance, they have built a large sugar plant and now that it is built are wondering if they can raise enough cane to supply it and

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whether or not they can get a market for the sugar that it is going to produce. There is a distinct desire on the part of the authorities to make Kwangsi economically independent. They want to grow their own cotton and make their own cloth; they want to develop their own mines and make their own tools; and in spite of the fact that they do not want to take anything from outside they still count on selling their products there. However there are not many indications that they are far off the track as yet and if the present cordial relations between the civil and military continue, if the province is not molested from outside, and if this enthusiasm can be kept up for five years more, there is no doubt whatever that Kwangsi will be the model province of China.

Joseph W. Stilwell

Joseph W. Stilwell
Colonel, Infantry
Military Attache

1 map enclosed.

Photographs attached -
1 copy only.

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6 MID
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G-2 Report 9200

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CHINA (Military)

JAN 16 1936 WAR DEPARTMENT
2657-D-413

Subject: Education

The Central Political Institute

RECEIVED G/2 W. D. JAN 16 1936

1. PLANT:
   (a) Location
   (b) Installations
   (c) Capacity
2. MANAGEMENT AND FACULTY.
3. PURPOSE OF SCHOOL.
4. STUDENT BODY.
5. COURSE OF STUDY AND ACADEMIC STANDARDS.
6. USE OF ALUMNI AFTER GRADUATION.

1. PLANT:

(a) Location.

The Central Political Institute is situated on Chun Yeh Lu in the center of the southeastern quarter of Nanking. Its campus is about 250 yards square.

(b) Installations.

The installations include, besides the academic building, a large library, a mess hall, a drill ground and several student barracks.

(c) Capacity. About 600 students.

2. MANAGEMENT AND FACULTY.

The Central Political Institute is an organ of the Kuomintang Party and is supported by party funds. It is not under the control of the Ministry of Education and receives no government support.

The faculty consists of eighty members, some of whom are on a part time basis. There is only one foreigner, Mr. George E. Taylor, an Englishman. He teaches political science. The qualifications of the faculty members are not known.

Chiang Kai-shek himself is president of the school, a very important fact.

3. PURPOSE OF THE SCHOOL.

The basic purpose of the Central Political Institute is the training of candidates for the position of "Hsien" magistrate. The "Hsien" is the division of Chinese provinces which corresponds roughly to the county in our system. The "Hsien Chang", or district magistrate, is the foundation stone of Chinese civil administration. He is the lowest official who

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Subject: Education

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has direct contact with the people and has great power over them, combining the functions of executive legislator and judge in his own person. The Chinese call him the "father and mother officer" because of his intimate relation to the lives of his people.

In Chinese political theory the Hsien magistrate should be a professional public servant similar to the German burgomaster who makes a specialized profession of being the manager of cities and may be sent from one city to another as occasion arises. The Chinese Government is supposed to have a corps of professional magistrates available for detail to any Hsien in the country where there may be a vacancy.

The Central Political Institute is the organ for training candidates for this corps of professional magistrates.

4. THE STUDENT BODY.

The student body is composed of Kuomintang members between the ages of 18 to 26 on entrance. They must be graduates of the senior middle school, which corresponds to our high school. The students are selected by means of general competitive entrance examinations held all over the nation annually. The scope of the examination is about the same as that for college entrance. But a physical examination is added and the candidate is also questioned orally to determine his political ideas and to ascertain his personality qualifications for political service.

About three thousand candidates were examined last year to fill 125 vacancies, so the qualifications of the successful competitors must be high if selections are honestly made - something always open to doubt in this country.

It is said that the greater number of the candidates for entrance to the school come from the poorer classes of the people, who hope to obtain an education at government expense. This year there are 500 students including 24 women. As women are ineligible to hold administrative office this represents a departure from the basic purpose of the school - training of administrative officials. But there is a field for trained female party workers in South China where they may be used to counteract the activities of the communist women workers.

5. COURSE OF STUDY AND ACADEMIC STANDARDS.

The regimen of the school is military. Students wear khaki uniforms and attend drill under arms five to seven hours per week. The students are not allowed to leave the campus except on Sundays between 6 a.m. and 9 p.m. Food and uniforms are furnished the student free and he is given a cash allowance of M.$3.00 per month.

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The course of study is four years and includes political science, finance, journalism, auditing, law, consular work, history, mathematics, languages and economics. Greatest weight is given the subject of political science. Sections are of only six to twelve students each, thus giving opportunity for plenty of individual attention.

No degree is granted the graduates as the school is not within the system of the Ministry of Education. There is agitation at present to have the school included in this system so that degrees may be granted.

Judging from the number of discharges for academic deficiency, the standards are high. Usually from ten to fifteen per cent of each class fail academically while in one class fifty per cent failed to graduate for this reason.

6. USE OF ALUMNI AFTER GRADUATION.

Those members of the graduating class not appointed to magisterial positions are sent out as party workers in the outlying provinces such as Szechwan and Kansu where there is much communism and other forms of disaffection. These "party workers" of course really act as checkers on the activities of the local officials. Such workers are paid M.$70.00 per month for the first year. After that their salary depends on what office they eventually are selected to fill, if any.

Source: Personal inspection by Captain W.E. Crist, this office.

COMMENTS: Chiang Kai-shek owes much of his military power to the personal loyalty of his former pupils at the Whampoa Military Academy. He found that lifelong devotees could be secured by catching young men in their formative years and giving them a four year course of inoculation with the Chiang personality. He is utilizing this principle in the Central Political Institute to provide himself with similarly loyal civilian subordinates.

Joseph W. Stilwell

Joseph W. Stilwell
Colonel, Infantry
Military Attache

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G-2 Report

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3600
OFFICE CHIEF OF STAFF
MIL., INTEL. DIV.
MAR 28 1936
WAR DEPARTMENT

2657-1-454

CHINA (Political)

Subject: Political Issues and Problems

Dr. Hu Shih on Sino-Japanese Relations.

RECEIVED G/2 W. D. MAR 25 1936

The following remarks were made recently at a meeting in Peiping which was an open forum for the discussion of the question, "Must China Fight Japan?" The speaker was Dr. Hu Shih, a well-known educator and one of China's foremost so-called "intellectuals", a fact that gives added point to his change of heart from pacifism to patriotism. This new attitude is spreading among the educated classes in the North and may become a factor of considerable importance in Japanese relations. At present, however, most people with opinions of this nature keep them to themselves, and much more encouragement from Nanking will be necessary before such an attitude can be communicated to the mass of the people. However, every such statement is a challenge to the leaders of the Central Government, who cannot indefinitely ignore such expressions of patriotic feeling without seriously weakening their own prestige.

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"I must confess that I have been for 20 years a pacifist and an internationalist. My pacifism stood the test of the 21 demands in 1915. In 1935 it stood the test of the anti-British movement. It also stood the test of the first three or four years of the Japanese invasion of Manchuria and North China. But I must also confess that during these last six or eight months my pacifism has faded away. The alternative seems to lie on the side of fighting - there seems no other way.

"That does not mean that I am in favor of fighting a war with Japan. Nor am I convinced that ultimately we should emerge victorious. But in the question: 'Can China find a peaceful settlement with Japan?', if we cannot get an affirmative answer to this question we shall be driven to the alternative of fighting. The policy of working for time, of waiting, of makeshift, is a very difficult one to pursue.

"People are not rational. None of those few men who are in power in China are completely rational. They have all kinds of motives - political position, prestige, pressure of public opinion, pressure of sentiment. All these things come into it. So at present I may say that I do not think that there is any possibility of an affirmative answer to that other question: 'Can China have a decisive settlement with Japan?'

"In the first place, there is no statesman in China great enough to take the responsibility of negotiating a peace with Japan. There is no statemanship great enough to negotiate with Japan a peace that will be called fairly honorable. That is the first difficulty. I know most of the people who are at the head of affairs and I do not see that type, that kind of calibre and character, among them.

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Subject: Political Issues and Problems

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"Secondly, I do not think there is statesmanship enough in Japan to negotiate a peace with China that will be acceptable to the Chinese and will give us peace for 10 or 15 years. And after all, what is the object of peace? The object at least should be to give China, to give the world, to give the Pacific and Far Eastern region, a period of peace - a period of time in which to work out internal reconstruction.

"It seems to me that the Japanese have gone too far in the direction of their so-called 'continental policy' and I do not see any way, any miracle, that will stop them, or that will turn them in another direction. The Mikado has the constitutional prerogative to make that change of policy but I do not believe that the present situation will warrant the use of that prerogative because there is always the possibility of resistance and opposition, which may cause a revolt.

"Short of the Mikado making use of his constitutional prerogative, nothing less than a miracle will make the Japanese statesmen come out and negotiate with China a peace that will be fairly satisfactory to the Chinese.

"I do not see any possibility of a peaceful settlement with Japan. Last summer, during the most humiliating days of June, I wrote an article for the NEW YORK TIMES in which I pointed out that it was in a way comforting to me to see those great concessions made to Japan without arousing any revolt in China. Those concessions called for the removal from North China of high ranking generals and their armies and of important municipal and provincial headquarters of the Kuomintang party. These things were done without arousing any open revolt and at the end of my article I said: 'It takes a strong government to accept a humiliating peace. No weak government could stand it, and the fact that these concessions were made without arousing any revolt speaks well for the new strength of the Nanking Government'.

"If these concessions of last June had resulted in a really amicable solution of the North China situation, if the Japanese had realized the importance of these concessions, if the Japanese had demanded a first class civilian government for this region, if they themselves had withdrawn their troops outside the Great Wall, if they had actually made this region truly a 'demilitarized zone' in the best sense of the term, if they had put a stop to further Japanese advances south of the Wall -- if they had done these things there would have been the possibility of a peaceful settlement.

"But nothing of the kind was done. The Japanese militarists thought that these concessions on the part of the Chinese were a sign of weakness and they tried to utilize this imagined weakness of the Central Government in order to advance

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further and to install here the worst politicians and elements they could find - politicians and elements who would be a disgrace to any nation. They tried to drive away those few who, though not satisfactory to us, were far, far better than their latest successors. Take Mayor Yuan Liang, for instance. I never thought very much of him until he was gone.

"All of these things have discouraged the present government from any further thought of peace. If the concessions made last summer had succeeded in ameliorating the situation in this part of the country it would have been greatly appreciated by the Chinese, and by the world. The Nanking Government would have been strengthened further instead of being weakened. But now protests have been made openly to the government because the concessions have failed to achieve anything - not even the minimum result of putting a stop to the Japanese advance into North China.

"I quote this as a very concrete example to show the impossibility of further progress in that direction. It seems the other alternative is war. I say that, not because I want war. I have just returned from the South, where I watched the changes in the sentiment and in the personnel of the new government. I noticed that everything is in the direction of war preparation. There is no doubt about it and no way to stop it. Everybody with eyes can see it. And, after all, what the Chinese Government has done in the last four years has been more or less in the direction of war preparations. At least people in the South feel more confident of war than four years ago. And that feeling of confidence is a very important factor. We feel in a much better position to fight to-day than four years ago when nobody was prepared.

"Secondly, the international situation, which our speaker has felt very discouraging, gives many Chinese, on the contrary, a rising hope. There is, for instance, the fact mentioned by General Crozier of the peace vote in England, where 11,000,000 people voted to support the League and a vast majority voted in favor of armed sanctions. These things give us new hope. Last year I wrote several articles pointing out that the League was lifting up its head again. I sincerely believe it and I believe many people in China are beginning to cherish a new hope that the attitude of the world is changing, that the world is realizing the danger of letting the burglers go scot free. And that new spirit is a second factor in this new situation.

"Thirdly, there is Abyssinia - the fact that Abyssinia is fighting. Before the trouble started very few Chinese had ever heard of Abyssinia. They asked: 'Where is Abyssinia?' And yet Abyssinia is fighting Italy and has succeeded in arousing the whole world's sympathy on her side. That fact has

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given encouragement to many Chinese. Are we worse off than the Abyssinians? Are we worse equipped than they? These and other questions are being asked. Of course very few people realize the geographical difficulties which the Italians have encountered compared with the situation in China. To create a similar situation we should have to turn the map of China upside down and put the Tibetan highlands on the coast.

"Finally, a very great factor from a political point of view, war is after all easier than peace. To negotiate peace with Japan to-day requires far greater statesmanship, far greater courage than the 19th Route Army leaders displayed during the Shanghai war.

"I take my hat off to Chiang Kai-shek for his ability to hold off war for these past four years and two months. It was very difficult to do and I am sure it must have been very hard to remain patient. It would have been far easier to fight. Even if regions are devastated, even if millions are massacred, even if territories are lost, people forgive that if it is done for the country. Nobody blamed the 19th Route Army leaders for the devastation of Chapei at Shanghai and they are still remembered as national heroes.

"But those few statesmen in Chinese history who negotiated peace, notably Ching Kuei (?), who succeeded in negotiating a peace with the Nu Chen Tartars, giving peace for 100 years to this country, are still remembered as traitors. If you go to Hangchow and see the famous tomb of the warrier Yu Fei you still see four iron figures kneeling in front of the tomb. Why? Because he negotiated a humiliating peace with the enemy. Ching Kuei has never been forgiven in 750 years. Only last year one textbook of Chinese history was suppressed by the government because the author of the textbook tried to reverse this heavy condemnation of Ching Kuei, defending him against this slander of 750 years. There was a great controversy between two newspapers in Nanking over the book and that drew the attention of the government, which decided to suppress it. There is a lawsuit still going on. But the book has been revised and these arguments in favor of Ching Kuei have been withdrawn.

"These things are not unknown. They show that it is easier to fight than to accept a humiliating peace. And, after all, a peace with Japan would have to be humiliating. People say: "But a humiliating peace is better than a devastating war'. That is true, but we are not rational animals. Even I, who have been 20 years a pacifist, think that if there is a war I will be in favor of it."

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CHINA (Political)

Subject: Political Issues and Problems

Dr. Hu Shih on Sino-Japanese Relations

NOTE: Dr. Hu Shih's speech is confidential and has not been given to the press.

Joseph W. Stilwell

Joseph W. Stilwell
Colonel, Infantry
Military Attache

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G-2 Report

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MAR 26 1936 3800
MIL. INTEL. DIV.
WAR DEPARTMENT.
2657-J-455
1/1

CHINA (Political)

Subject: Foreign Affairs - General

Sino-American Relations

RECEIVED G/2 W. D. MAR 25 1936

The following is submitted to show the state of mind of certain officials of the Central Government in Nanking. This plan is the creation of a subordinate military official, it is true, but he has the approval of superiors who have intimated they would like to talk it over with the Military Attache. It is, of course, just another manifestation of the Chinese desire to get somebody else to do something they are afraid to do themselves, as well as an intimation that they have no intention of offering resistance unassisted.

- - - - -

1. The Necessity of Military Cooperation Between America and China.

(a) Japan's ambition is to conquer the world.

1. Japan is spreading false propaganda against Russia. The purpose is to deceive the world so that she can conquer China and at the same time making preparations for her world domination.
2. Concrete evidence. Japan is splitting China into pieces to-day.
3. Japan is utilizing China's raw materials or resources and man-power to build up a formidable army for world conquest.
4. Japan's aim is to control "The Pacific".
5. Objective is to fight America and England.
6. Within 10 years if America does not stop Japan's activities in China, direct danger or threat from Japan will reach the shores of America.
7. Result will be in Japan's favor.

2. America Can Stop Japan now if She Takes Action.

(a) America is spending enormous sums of money to strengthen her National Defense.

1. Building up of America's military, navy and air forces. Policy is wise and right.
2. America can stop Japan by using a portion of her military expenditures in China.
3. That will be economical and Japan will have no excuse for competing with America in building her forces in par.
4. Since war between America and Japan is inevitable, American policy in the Far East must be formulated at once.

(b) American policy should be:

1. Sending technical men to China.
2. Developing China's resources.
3. Building or establishing steel and iron plants, arsenals, machinery factories, constructing a system of railways in the Southwest.

From M/A, China Report No. 9310 February 27, 1936

CHINA (Political)

Subject: Foreign Affairs - General

Sino-American Relations

4. Sending military experts to train the Chinese to become soldiers (by the millions).
5. In case of war between America and Japan, America need not send soldiers to fight in the Far East. Chinese soldiers will be able to fight Japan. It would be a brilliant policy.

5. Results if America Fails to Help China Immediately.

(a) China's resources and man-power will be utilized by Japan.

1. Japan's present policy is to completely subjugate China, as she is doing to-day.
2. Force Chinese soldiers to enlist under the Japanese flag and Japan will force the Chinese soldiers trained by the Japanese officers to fight America.
3. Then America is not only fighting against Japan but also the Chinese soldiers.
4. Therefore it is advisable for America to take advantage of China's potential power instead of letting Japan get it.
5. China sees Japan's cruel policy, but she cannot counteract it because she lacks all the technicalities of modern warfare.

4. Understanding Between America and China Should be Established Immediately.

(a) If understanding is accomplished it should execute the following:

1. Organize a mixed General Staff of America and China in Washington.
2. The function is to devise military plans to check Japan.
3. The formation of the mixed General Staff should be carried out as soon as possible.

The nature of the mixed General Staff would be the same as the mixed General Staff established between England, France and Russia during the World War.

Joseph W. Stilwell

Joseph W. Stilwell
Colonel, Infantry
Military Attache

Distribution:
6 MID
1 File

G-2 Report 6-1 3700

APR 5 1939 MIL. INTEL. DIV. WAR DEPARTMENT.

2657-D-455

RESTRICTED

CHINA (POLITICAL)

Subject: Political Parties and Groups

Activities of the Hsin Min Hui

RECEIVED G-2 W. D. APR 6 1939

A report on the history, purposes, and general organization of the Hsin Min Hui was forwarded under date of October 12, 1938 (Report No. 9690). Since that time further study of the society and its activities has brought forth a number of points which are summarized in the following report.

(1) Membership and Finances.

According to a recent statement by Mr. S. Hayakawa, the Japanese vice president of the Hui, it now has 1,080 members, 60% of whom are Chinese, the remainder Japanese. Mr. Hayakawa stated that the society has been receiving a grant of $300,000 per month from the Provisional Government but that this sum would shortly be increased to $500,000 per month.

It is evident that with so large a subsidy from the government and with so small a membership, the opportunities for graft in the disbursement of the funds of the society are exceptionally tempting. Hints of this have recently appeared in the vernacular press in the form of news items declaring that a number of officials of the society would be dismissed for malfeasance in office. Nothing further of a definite nature on this subject has, however, appeared. Reports from well-informed Chinese circles state that as the officials of the society compose a very considerable proportion of the membership, to all intents and purposes the society exists largely for the benefit of its officials.

Careful inquiry by this office has failed to locate a single member of the Hui who was not an official thereof. It has been learned, however, that candidates for membership must furnish a shop guarantee as evidence of good character and must undergo a strict examination to prove that they are free from any taint of pro-communist or anti-Japanese opinions.

A recent press report states that requirements for membership in the Hui are shortly to be considerably relaxed and developments along this line will be carefully noted and reported.

(2) Objects of the Society.

Statements for public consumption as to the purposes of the Hui - its actual purposes are first to act as an instrument of the Japanese Army to control the

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Chinese people and second to enrich its officials - are usually so beclouded in meaningless verbiage as to be difficult to understand. A recent pronouncement by Mr. Miao Pin, the Chinese vice-president of the Hui, is a good example of Hui publicity. According to Mr. Miao, the Hui is conducted for the sole purpose of building up a new national life in China on the basis of "the reign of virtue", which teaches "the great propriety" and "ultimate righteousness". More specifically, however, Mr. Miao stated that the activities of the Hui are now being concentrated in freeing the common people from ignorance and making them able to appreciate the essentials of "the new culture".

(3) Activities of the Hui.

In view of the extremely large sum of money which the Hui receives from the Provisional Government, ostensibly for the purpose of carrying on its program, it is necessary to keep the activities of the society as much as possible in the public eye. For this reason the Hui maintains a publicity bureau which sees that items concerning the society and its alleged activities appear almost daily in the vernacular and foreign press.

Sifting out as much as possible of the chaff from the reports concerning the work of the society, it appears that the Hui has recently undertaken an ambitious program of rural improvement in the establishment of so-called "model districts". Last year the head office of the Hui divided the suburbs of Peking into four such districts as follows:

North Model District.....Hsiliutsun
East Model District.....Tungpa
West Model District.....Haitien
South Model District.....Huashenmiao.

The South Model District was first inaugurated in July of last year, the other three were established in November. The officers in direct charge of the work of the Hui in the districts were sent to Manchuria to study the model district system now in operation there under the Concordia Society.

During January of this year a party of foreign correspondents was taken, under the auspices of the Press Section of the local Japanese headquarters, to Huashenmiao, model village of the south district, in order to inspect at first hand the work of the Hui. Details of the visit and a glowing account of the alleged results of the Hui's endeavors in this village were featured in the Japanese-controlled The Peking Chronicle. A statement issued by Japanese officials of the Hui at the time of this visit claimed that the Hui had been responsible for a considerable amount

of constructive work in the village. The results claimed and the comments of this office are given below:

a. Establishment of Youth Training Corps of 200 members for teaching the young men of the village the use of weapons and the principles of self defense for a period of three months in the winter.

According to reports from reliable and well-informed Chinese, the villagers are loath to join this corps for fear that completion of the course will render them liable to military service or other forced employment away from home and for this reason none attend who can afford to employ substitutes. The substitutes are paid forty cents a day and it is usually agreed that in the event they are sent away from the village after training, a year's pay must be paid in a lump sum, after which the employer is not responsible for the safety of the substitutes.

The daily training of the Corps lasts from 8:00 a.m. to 4:00 p.m. and trainees must furnish their own midday meal. Although the Japanese claim 220 are in training, the number is usually less, and "ringers" are brought in to swell the ranks when inspections are made by Chinese and Japanese officials.

Attendance in the Youth Training Corps often works a hardship in that it deprives the trainees of the opportunity of earning any money during the winter months, in which period farmers often manage to pick up around forty or fifty dollars.

b. Establishment of cooperative systems in buying necessities and disposing of farm products.

According to Chinese sources nothing concrete has been attained along these lines and progress in such activities will of necessity be slow because of the distrust of the Japanese by the villagers.

c. Building of roads. Activities along this line have been limited to construction of short stretches of dirt roads by conscripted, unpaid labor.

d. Clinical center set up and instruction given in hygiene and sanitation.

Chinese reports state that a clinical center has actually been established with a Chinese doctor and two helpers who give some free medical treatment. As far as the instruction in hygiene and sanitation is concerned, the results thereof, if any, are said not to be apparent to the naked eye.

e. Establishment of club rooms and recreation centers.

The "club room" consists of a room with a table and a few chairs. A few newspapers and propaganda pamphlets are furnished, and the walls of the room are hung with instruction matter and propaganda posters. The "recreation center" is a small field equipped with basket ball goals.

f. Training in organized handicrafts for women which enables some to earn as much as ten dollars a month.

Foreigners who have seen samples of the work done by these women state that it is very poor in quality and probably has little if any sale. It is evident that the training in this respect can not compare with that which has been carried on for years by both Protestant and Catholic missionaries in many parts of China.

According to Japanese propaganda the doctrine of "befriending neighbors" has been put into effect in Huashenmiao. Under this beneficent system, practical self government is obtained by the extension to community life of the principles involved in the proper observance of family relations. Actually, so claim the Japanese, Huashenmiao is governed by a committee of which the membership is selected from among the village elders by the villagers themselves.

The system of government by village elders has been employed with generally good results in China for a thousand years or more and has only been disrupted by the Japanese invasion of China.

Summing up the work of the Hsin Min Hui in Huashenmiao, it consists largely of eye wash, and the little constructive results obtained are regarded with complete indifference by the Chinese themselves. From the view point of foreigners, the publicized efforts of the Japanese, working through the Hui, to improve the condition of the villagers in an area such as the suburbs of Peking seem not only futile but presumptuous, as the inhabitants of these villages were living in a state of peace and contentment a thousand years before the earliest authenticated date in Japanese history.

As far as the work of the Hui in the other "model districts" is concerned it is reliably reported that it has not advanced beyond the planning stage. The fact that foreign newspaper men have not been invited to inspect any villages in these districts is a definite indication to this effect.

DDB

Joseph W. Stilwell

Joseph W. Stilwell
Colonel, Infantry (DOL)
Military Attache

Distribution:
6-MID; 1-File

NOV 10 1938 MIL. INTEL. DIV. WAR DEPARTMENT 3700

2657-9-457/1

CHINA (Political)

Subject: Political Parties and Groups

The Hsin Min Hui (New People's Society)

RECEIVED G/2 W. D. NOV 9 1938

1. General Nature.

The Hsin Min Hui (New People's Society) is an organization along somewhat the same lines as the Manchukuo Concordia Society (Hsieh Ho Hui). It was established in Peking a few days after the inauguration of the Provisional Government of China in December, 1937. Aside from any of the declared purposes of the society, it is essentially a device conceived by the Special Service Section of the Japanese Army for the purpose of disseminating propaganda among the people of North China to promote pro-Japanese and anti-Communist activities and suppress pro-Kuomintang activities. It is also intended to foster among the Chinese a sense of nationalism in which anti-Japanese feeling will be absent.

A feature of the society of which much is made is the dissemination of the teaching "Hsin Min Chu Yi" (New People's Principles) as opposed to "San Min Chu-Yi" (Three People's P rinciples) taught by Dr. Sun Yat-sen. The society has published a mass of literature, most of it badly written, vague, and difficult to understand to explain the meaning of "Hsin Min Chu Yi." It is doubtful if any considerable number of Chinese, other than a few persons directly connected with the society, have ever read this literature. As a matter of fact, "Hsin Min Chu Yi" is generally known to be the hastily-written work of a former member of the Kuomintang and is merely a rehash of some of the teachings of the Chinese classics. Selecting a definite idea from the mass of vague material about Hsin Min Chu Yi, it is supposed to set certain guiding principles for the Hsin Min Hui. These are quoted below:

(1) To support the new regime in China in order to manifest the desires and wishes of the people.

(2) To exploit natural resources and improve the standard of living.

(3) To participate in the anti-Comintern Front and to bring about complete destruction of the Kuomintang and the Communists in China.

(4) To develop Oriental culture and moral standards.

(5) To promote alliances between China and friendly neighboring countries (Japan and Manchukuo) as a prelude to universal peace.

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2. Organization.

The head of the Hsin Min Hui ("Hui Chang") is nominally Mr. Wang Ke-min, the highest official of the Provisional Government of China. Actual control of the society, however, is largely vested in its vice-president, Mr. Chang Yen-ching, formerly Minister of Foreign Affairs of Manchukuo. The most important official under these two is the Chief of the General Headquarters of the Society, Mr. Miao Pin. Mr. Miao is a former member of the Central Executive Committee of the Kuomintang who was dismissed for alleged failure to adhere to party principles, after which he went to Manchukuo where he took an active part in the organization of the Concordia Society. His experience in the Concordia Society obviously determined his selection for an important post in the Hsin Min Hui. Most of the field work is done by him.

The detailed organization of the Society is given below, but it must be borne in mind that much of this exists only on paper and has never been carried into effect. It actually represents what the society would like to be rather than what it is:

A. Central Headquarters:

1. Central Directorate: Miao Pin: Chief.

a. General Affairs Bureau:
(1) General Affairs Section:
Function: personnel and finance
(2) Investigation Section:
Function: collection and acquisition of intelligence concerning Kuomintang and Communists' activities; eradication of anti-Japanese literature.
(3) Secretariat:
Function: correspondence and file-keeping.

b. Cultural Bureau:
(1) Social Affairs Section:
Function: extinction of Kuomintang and Communistic propaganda, and of anti-Japanese sentiments.
(2) Organization Section:
Function: control of civic unions, their establishment and activities.
(3) Propaganda Seetion:
Function: propaganda and publications.

c. Public Welfare Bureau:
(1) Cooperative Society Section:
Function: promotion of arming cooperative enterprises.
(2) Relief Section:
Function: relief work

d. Hsin Min Youth Training Corps:
Function: To give a 3-month pro-Japanese education to junior civil service officials and officers of Self Protection C orps, detailed from all hsien districts under occupation. After completing this brief course students will be sent back to their respective posts for duty.

e. Hsin Min Cooperative Society Headquarters:
Function: Control of all cooperative societies in North China.
(1) General Affairs:
Function: correspondence, finance, miscellaneous.
(2) Directorate:
Function: Promotion of cooperative enterprises, improvement of outputs, increase of sub-products, and so on in the farming villages.

2. Central Supervisory Department:
Function: To supervise the working efficiency of the Association's personnel.

B. Local Organizations:
1. Peking: Yu Chin-ho, Mayor of Peking, is the chief of Peking Hsin Min Hui Headquarters.
a. Directorate Bureau:
(1) Culture Section
(2) Propaganda Section
(3) Organization Section
b. General Affairs Bureau:
(1) General Affairs
(2) Investigation
(3) Secretariat

2. Provincial: Governor of the province as chief.
a. Business Bureau
b. General Affairs Bureau
c. Public Welfare
d. Youth Training Corps

3. Tao: Taoyin as chief
a. Business Bureau
b. General Affairs Bureau
c. Public Welfare

4. Hsien: Hsien magistrate as chief
a. Discipline Section
b. Directorate Section
c. Miscellaneous Affairs Section
d. Youth Training Corps

3. Activities of the Society.

The Chinese press, under orders from the Japanese military authorities, prints a good deal of news about activities of the society, consisting mostly of items about travels of Mr. Miao Pin to other parts of North China for the purpose of organizing new branches or chapters. Actually the society apparently does very little. The number of branches which have been organized outside of Peking is not definitely known, but according to reports they have been established at least in Tientsin, Tsinan, Tsingtao, and Taiyuan.

Under its Youth Training Corps (See 1, d) of the detailed organization chart), the Society has established a Hsin Min Academy. This academy has thus far conducted three training courses, each one about a month in length and training from seventy-five to one hundred students in each group. Graduates of the course have thus far received only unimportant posts, such as clerkships, in provincial and hsien governments.

Outside of the inspired publicity which the organization receives in the press, the average Chinese knows and cares little about the society. As it is generally known to be a tool of the Japanese military, to take any active interest in the organization generally brands one as a "han chien" (traitor), hence, except for selfish motives, the people in general will have as little to do with it as they possibly can.

As long as the Japanese Army controls North China and Manchukuo, however, the Hsin Min Hui and its counterpart in Manchuria, the Concordia Society, may be expected to continue their existence. Both societies, in spite of their present unpopularity, have potentialities for good and in later years, if the stigma of their connection with the Japanese can ever be forgotten, they may possibly come to serve a useful purpose among the Chinese people.

(Source: Study in this Office)

For and in the absence of the Military Attache:

David D. Barrett
Major, Infantry
Assistant Military Attache

Distribution:
6 MID
1 File

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CONFIDENTIAL
Auth: C.G., H.P.D.
Per [illegible] McL.
October 14, 1939

NOV 1939
OFFICE CHIEF OF STAFF
MIL., INTEL. DIV.
2657-J-458
WAR DEPARTMENT

HEADQUARTERS PHILIPPINE DEPARTMENT
OFFICE OF ASSISTANT CHIEF OF STAFF FOR MILITARY INTELLIGENCE
Manila, P. I.

350.05-General October 14, 1939

SUBJECT: Visit to Hong Kong, New British Territory, and Macao, China, by Major F. G. Brink, 31st Infantry.

TO: Assistant Chief of Staff, G-2,
War Department,
Washington, D. C.

The following report was written by Major F. G. Brink, 31st Infantry, on his return from a leave of absence to Hong Kong and Macao:

"This report covers a visit during the first two weeks of September, 1939, while on leave of absence to Hong Kong, the New British Territory, and the Portugese concession in Macao, China.

Two days subsequent to arrival at Hong Kong, Great Britain and France declared war on Germany, and an opportunity was afforded to observe the transition of this strategic British territory from peace conditions to those of war.

1. OUTLYING ISLANDS OF HONG KONG. The outlying islands from Hong Kong were minutely examined by glasses both upon entering and departing from Hong Kong. The eastern portion of the islands of Lo Chau and Po Toi, and the eastern and western sides of Tung Lung were inspected particularly. No fortifications were to be observed on either of these islands. A fairly regular outline extending about forty yards was observed roughly in the middle of the eastern crest of Po Toi, but it was not possible to determine whether it was man-made or a natural formation. Two ship captains told me that Tsing Chan (Green) Island off the western tip of Hong Kong is a depot for naval supplies and explosives for ships of the British Admiralty.

2. ENTRANCE TO VICTORIA FROM THE EAST. The entrance to Victoria Harbor via Tathong Channel was closed by a boom and, upon declaration of war, a mine field was laid in the Lei U Mun channel. All vessels approaching this channel were halted and conducted through by a small admiralty boat.

3. ISLAND OF HONG KONG. The island of Hong Kong was visited and its general terrain structure studied. No military works were visited which were not open to the general public. Two trips were made around the island, one before and one after the declaration of war. In addition to the existing roads showing on the 1/80,000 General Staff Map 3961, other roads have been constructed leading from the main roads to the main peaks of Hong Kong. These appear to be of a military nature.

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Numerous fortifications and barbed wire constructions are located along the northeastern side of Hong Kong, bordering the Tathong Channel and Victoria Harbor. A coast artillery gun on a disappearing mount was noticed on a nose just south of Quarry Point. This gun was covered with camouflage paint and appeared to be from 8" to 10". A

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gun crew was drilling on the gun at the time it was observed. Other fixed permanent constructions of concrete indicate the probability of other weapons, and that a permanent garrison is located here.

After the declaration of war, considerable military activity was observed, both in Hong Kong and the new territories, in the nature of troop movements, laying of field wire, and movement of weapons. A considerable amount of field wire was noticed in the Repulse Bay-Deep Water Bay area. At Deep Water Bay, several 75-mm. guns were being put into position facing south. Eleven separate wires, either double-strand or single-strand, were noted along the main road leading up Victoria Peak. A single line had been strung along the narrow Peak Road which leads downward from the Peak, generally parallel to the tram route.

Four 75-mm. guns and four small guns covered by paulins (possibly infantry mortars) were assembled in the saddle between Victoria Peak and Mt. Kellet near the upper terminal of the tram line. These were guarded by Indian troops, who had a temporary bivouac there. None of these guns were in position.

A square emplacement, facing toward Kowloon, with sandbags was observed in the Botanical Gardens. This was the only military construction observed which was not camouflaged.

4. NEW BRITISH TERRITORIES. A trip was made around the New British Territories. British military vehicles were observed in this area--several moving northward on the Tan Ling-Shau Tau Tok road. No large bodies of troops were observed here, but several soldiers were noticed along the road near Fan Ling and San Tin. The southern portion of the mainland extending from Kowloon to Brothers Point was visited twice by land and twice by water. Some earth construction was observed in the hills back of Tin Kau. Residents near there stated that this was foundation work for several new houses. This locality commands the water approach to Hong Kong between Lantao Island and the mainland, and appears to contain good position areas for guns to be used on such a mission. From conversations with several British during the stay, it appears that the British fear a Japanese advance across the frontier from the direction of Sha Tau Kok and Lok Ma Chau combined with a possible water movement through Talo Channel or via the water route via the Brothers Islands. (00-60).

Along the portion of the mainland bordering the eastern entrance to Victoria Harbor, no fortifications were observed on Tin Ha Shan, some of permanent construction with new barbed wire were seen at Lei U Man, and some fixed fortifications were noted in Kowloon. The works at Lei U Man are apparently located to command the Tathong Channel.

Zigzag roads cross the southern sides of the hills just north and northeast of Kowloon. These are particulary visible in the Temple Hill-Unicorn Ridge locality. One resident referred to them as "military roads."

The hills of the New Territory are quite bare, being wooded only at points where the government has carried out afforestation. The greater part of the wooded area is along the hills bordering the southern shore and around the reservoir northeast of Kowloon. The ridges in the New Territory run generally northeast and southwest, and are extremely rugged and will offer a great obstacle to a military movement southward toward Kowloon. The best approach appears to be along the north-south corridor between Beacon Hill and Smugglers' Pass. Some field construction was noted in this area.

5. WATER APPROACHES CLOSED. Passage through the East and West Lamma Channels was closed to commercial shipping after 4 a.m., September 5. All ships other than river steamers were required to use the Lei U Mun Pass. River steamers were permitted to use the western entrance by way of Kap Shui Mun Pass.

6. EMERGENCY WAR MEASURES. Upon the declaration of war, emergency measures were immediately taken--all amateur radio sending stations were closed, local commercial aviation and shipping movements strictly regulated, and a definite system of food control instituted. Overnight, British and French shipping, including naval vessels within the harbor were partially repainted and practically completed before nightfall of the next day. The large French and British flags which had been painted on the vessels were painted out; bright colored funnels were painted black, and other portions of the ships repainted in gray or darker colors to give them an appearance of anonymity. Japanese boats, which, up to this time, had no distinguishing marks, now were being decorated with large Nippon flags painted on the sides and deck.

Within a few minutes after the British declaration of war, German men were picked up and placed within a barbed wire enclosure surrounding La Salle College in Kowloon. German women and children were left in their homes. All German property was placed under guard and later confiscated. A large number of Germans had anticipated the declaration of war, and escaped to Macao in the Portugese Colony on the mainland. It was said that the Germans had been able also to move a portion of their goods. The German stores in Hong Kong, notably the H. Schmidt Co., showed signs of hasty departure--packing material was scattered over the floors, and window displays disarranged. At the time, however, the most adverse effect of the internment on the Hong Kong colony appeared to be the loss of the German band from the Gloucester Hotel.

7. BRITISH FORCES. The strength of the British forces was stated to be 6000. Included in the figures are two white regiments--the London Scottish and the Middlesex regiments. Approximately one-half of the regular troops appear to be Indian. During my stay an army transport with apparently twice the capacity of the "U.S. Grant" arrived with approximately 1000 troops. It was stated that this transport was making the routine relief of troops. This transport had not sailed, however, at the time of my departure. In addition to regular troops, there was a supplementary organization called the Hong Kong Volunteer Defense Corps. This force comprises from 2000 to 2500 men. Included in this force are several units of Chinese, commanded by Chinese officers. Officers and men have been organized into the following units:-

Medical.
Corps Artillery.
Anti-aircraft Light Machine Gun.
Anti-aircraft Battery.
Field Company Engineers.
Beach Light Company.
Corps Signals.
Mobile Column.
Armoured Car Platoon.
Motor Machine Gun Platoon.
Machine Gun Companies.
Anti-aircraft Companies.
Field Ambulance.
Pay Section.
Army Service Corps Company.
Nursing Detachment (Affiliated).

One member of this force stated that the personnel was not trained as replacements, but that each was a complete unit with a definite mission in the plan of defense.

Volunteers have likewise been organized into a Naval Volunteer Force. These forces were receiving daily training and some were on active naval patrol duty. After the declaration of war, members of the H.K.V.F. were not permitted to leave the Colony, and all leaves of civil servants were terminated. R.A.F. reservists were called out.

The Air Raid Precautions organization has also been established at Hong Kong. Siren calls are used to give warning. A.R.P. lectures are given three times weekly. No black-outs were conducted during my stay.

In addition to the above-mentioned units, civilian police units were being organized to provide local police protection.

An officer on duty at the Kai Tak aerodrome stated that the British had no aviation in the British Colony except for a few observation planes.

I was told that the British had the latest anti-aircraft guns but I saw none. Announcements appeared in the paper that there would be anti-aircraft firing from Mt. Davis and on September 4 this firing was observed from Kowloon. Machine guns and anti-aircraft artillery participated. The shell bursts appeared well grouped and spaced, but it was not possible to determine their accuracy.

Each day during the stay there was considerable troop movement in Hong Kong and the New Territory. These were usually made by trucks. It was noted that apparently a considerable number of civilian trucks had been commandeered since they bore commercial names and were not painted the government color.

Various encampments of Indian troops used white tents with no effort at concealment. There was no attempt at dispersion as an anti-aircraft measure.

The marching of all British troops was excellent, the officers and men seemed in usually excellent physical condition, and extremely alert. The tropical uniform of V-necked shirts with quarter length sleeves, shorts, long sox and heavy shoes is remarkably well-suited for the Hong Kong climate. The shoes appeared to have soles of two types:- one with smooth soles; the other with a rough, corrugated pattern.

8. JAPANESE THREAT ON FRONTIER AND MIRS BAY. Several reliable sources stated that in the first two weeks of August, 1939, the Japanese had massed a force of about 30,000 troops on the frontier, with the bulk in the Mirs Bay region. About fourteen transports were located in Mirs Bay and others (number undetermined) were located in Bias Bay. The Japanese force consisted of infantry, artillery and tanks. Several conversations indicated that the British had a common apprehension that the Japanese might create a diversion along the frontier to draw the bulk of the British forces there, and then strike Hong Kong directly. The situation was complicated further by the fear that the local Chinese might stage an uprising--Japanese instigated. After the Russo-German trade agreement, the tension relaxed somewhat, but at the time of my visit, there was still considerable uncertainty. On September 5, the military authorities admitted, however, that the Japanese had withdrawn from the frontier.

9. WAR MEASURES FOR USE OF CIVILIAN ESTABLISHMENTS. La Salle College was taken over for an internment camp for Germans, the bed capacities of hospitals increased, and a large number of ships in the harbor were requisitioned for military purposes. Certain hotels were said to have been designated for use if necessary by the government.

While visiting Victoria Park on September 10, four Japanese were observed making notes from one of the observation points. Later they were escorted away by a British sentry.

The general impression gathered from several conversations with Britishers seems to be that Hong Kong could hold out about three months were it attacked. The congested districts of Kowloon and Victoria would be particularly vulnerable to air attack, but such bombings would not greatly affect the defense immediately since the military forces are not located in these areas. It would, however, destroy food and other supplies stored in godowns there.

Discussions with several residents and ship captains apparently indicate that Hong Kong can be best captured by a push from the north to capture Kowloon, combined with a naval blockade of the island, possibly with a landing operation on Hong Kong's south shore. The British forces and ground organization seem disposed to meet such an attack.

10. PORTUGESE COLONY OF MACAO. A trip was made to the Portugese colony of Macao. This port is three hours' steaming time from Hong Kong. It has a well-sheltered harbor protected by a long breakwater which, at the time of the visit, was filled with small shipping. One Portugese gunboat guarded the entrance. No mines were in evidence. The colony occupies a point of land on which are three main hills--one near the Chinese border commands the terrain in that locality. One colored regiment was noted. Its barracks were located near the main frontier gate. Its apparent duties at present are to guard this frontier and to prevent undesirable Chinese from entering.

A large number of German refugees were in Macao, and all the European hotels and apartments filled. One resident stated that rentals had increased from $75.00 HK to $300.00 HK as a result of the influx. The colony seemed undisturbed by the European War.

HENRY C. McLEAN,
Lt. Col., G.S.C.,
A.C. of S., G-2.

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MILITARY INTELLIGENCE SECTION

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OFFICE CHIEF OF STAFF
MIL., INTEL. DIV.
JUL 11 1940
2657-J-458
WAR DEPARTMENT
Hw 2

June 20, 1940.

This report is one of the set prepared by Lieutenant Colonel Henry C. McLean, Infantry, formerly Assistant Chief of Staff, G-2, Philippine Department, from notes taken during a leave of absence enroute westward from the Philippine Islands to the United States during the period February 22, 1940 - June 12, 1940.

JUL 11 1940
OFFICE CHIEF OF STAFF
MIL., INTEL. DIV.
WAR DEPARTMENT

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HONG KONG

Is under British control.

Consists of two geographical parts; Leased territory to the north and Hong Kong Island to the south, separated by the channel known as Victoria Harbor. On the south tip of the leased territory is the city of Kowloon and on the north point of Hong Kong Island is the city of Victoria, making the cities of Victoria and Kowloon adjacent. These two cities are commonly referred to as Hong Kong.

The natural or logical approach to attack Hong Kong would be from north to south, crossing the Chinese-Leased territory boundary. The first line of defense of British territory should be from Starling Inlet to Hau Hoi Wan (Deep Bay). This is a short line, about 12 miles in length, its flanks protected by the bodies of water and with low fields of fire in front and good observation in rear. There are also two good roads to Kowloon; one on the east and one on the west.

The second natural position for a defensive line would be with the right resting on Tolo Harbor and the left on Deep Bay. The length of this line is similar to the line to the north. The disadvantage would be to allow the attacking force to have within its possession the high ground known as South Downs.

In front of the first position are a number of pill boxes which casual observers often interpret as the British first line of defense. These, however, were merely placed there to use against almost irresistible bands of Chinese refugees forcing their way across the border during the last few years of Japanese operations.

The British lack sufficient troops to employ either the first or second lines as defensive positions. They would not risk any of their meager force in either of those positions for fear of being cut off, except light covering detachments used more for reconnaissance than for resistance.

The next natural line is with the right resting on Port Shelter, including Punjab Hill, extending to Tun Van. The length of this line is about 10 miles. It is naturally much stronger, embracing within its line more rugged terrain. It permits long range Japanese guns reaching the positions without fighting in front of this line, from which they could fire upon and destroy the city of Victoria at a range of 15,000 meters. Large amounts of money have been lavished on this line for its fortification. Extensive barbed wire entanglements, permanently placed,

have been coordinated with machine gun positions along the line. Numerous pill boxes for machine guns and field guns have been erected. These have been constructed to appear like groups of natural rock and colored accordingly. Concrete shelters have been built for infantry, not only for sleeping quarters, but for mess and other necessary parts of a company's installation.

Beacon Hill, through which the railway tunnels, has been excavated in the interior for hospitals, reserves, and other installations. This is the center of resistance on the north.

Roads have been built from Kowloon City to Unicorn Ridge and Temple Hill. Two of these are one-way roads and the center one is a two-way road. There is absolutely no shelter on these roads from aircraft fire. They are conspicuous targets.

Three redoubts, or fortified points, have been fortified at Sleepers Knoll, Unicorn Ridge, and Smugglers Ridge. The chief of staff stated that the garrisons of these were only 1 company each which seems incredible. These had previously been estimated as at least a battalion. Although this is a very strong position, it is believed this could be taken by a night assault because of its being so thinly held. All the ground to the north has been carefully plotted so that the guns on Hong Kong Island could search that area. It is believed, that the artillery is insufficient to be critically effective.

The British expect to be forced off that line and to retire to the south across the channel known as Victoria Harbor, there to defend the Island of Hong Kong to the last. No heavy guns with permanent emplacements are in Leased Territory, as they would expect to lose them all. Guns of all calibers are in position on Hong Kong Island. The British will run the risk of having very heavy losses in crossing Victoria Harbor.

Hong Kong Island is a citadel for all around defense. Parts of Hong Kong Island will be held should the enemy succeed in making a landing. Every cove, every indenture on the Island of Hong Kong is covered on the shore line by machine guns in pill boxes or in only sand bag breastworks. These pill boxes contain 1, 2, or 3 machine guns -- usually. 2. They are placed almost invariably on the flanks of the cove for enfilade fire on the beach. Altogether there are about 125 pill boxes for beach defense on the Island of Hong Kong.

Batteries.

There is a battery of four 9-inch Barbette guns on Stanley Peninsula; the individual guns irregularly placed

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for fire in all directions. This Peninsula, adjutting to the south, permits a wide range of fire covering in part the south of Tathong Channel, the main approach to Hong Kong, and also East Lamma Channel.

There is also another battery of 5-inch guns on this peninsula. Their plotting boards are protected from overhead fire by deep casements and gas-proofed shelters. Their plotting boards appear to be mechanically much finer than the ones used in our coast artillery. Extreme care has been taken to protect communication lines in deeply covered trenches.

There is another battery on Stanley Knoll to the north of Stanley Peninsula. There are also heavy batteries and light batteries on Pottinger Peak commanding Tathong Channel and the mine fields. There are also at least 2 batteries of different calibers on Pak Sha Wan Peninsula.

The headquarters of the eastern sector is at Ty Tam Gap. This headquarters is tunneled into the side of the hill and is completely protected from overhead fire. Deeply laid communications connect this headquarters with every battery and position in the sector.

There is a battery of four 5-inch guns on Mount Davis, on the west end of Hong Kong Island staggered vertically and horizontally. Near High West there is a battery of four 9-inch guns, each gun at a different altitude, Barbette mounts. All these guns are very conspicuous from the air. The battery was erected at enormous cost.

There is an antiaircraft battery of about four 5-inch guns west of Aberdeen, which cost $750,000 to complete. The headquarters is at present on the hillside to the south of and overlooking the city of Victoria. All the area immediately in front of this has been honeycombed with concrete recesses which will be used as headquarters of the defense commander. It is believed there are about 50 antiaircraft guns for the defense of Hong Kong Island.

Division of Command.

Initially, Hong Kong Island was divided into four sectors, northeast, southeast, northwest and southwest. After the troops from Leased Territory retreat across the channel the two east sectors will be consolidated under a brigadier and the two west sectors would be consolidated under a brigadier, making two separate sectors under the G.O.C.

Plan.

Should the enemy effect a landing at any place, for instance on the south side of the Island, a second line half way up the hill has already been laid. The very precipitous nature of the terrain gives the defenders a great advantage.

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The highest peaks on Hong Kong Island rise about 1,600 feet. It is a plan to defend the high ground along the center of Hong Kong Island as a last citadel.

Garrison.

The garrison at the present time consists of about 5,000 regular troops and about 2,000 volunteers. The latter are drawn from the British and foreign population, including Portuguese and half-casts. Only a few Chinese are expected to volunteer. The volunteers will be used to garrison the last lines of defense in the center of Hong Kong Island. These are fixed positions and require no maneuvering capacity.

The Chinese Population.

The normal population of Hong Kong is over 700,000. Refugees from China during the present war have raised this number to well over a million - some estimates placing it at 1,200,000. The feeding of such a population and the danger to which it would be subjected would be enormous. The British, counting upon well known Chinese characteristics, anticipate and hope that this Chinese population will just evaporate on the approach of hostilities. The great number of small boats --junks -- with large carrying capacity will aid in this migration.

Water Supply.

Hong Kong Island is entirely dependent upon rain water, which is carefully preserved and conducted in open concrete conduits to reservoirs which occupy numerous depressions on the Island of Hong Kong. The British anticipate that water will not be a serious problem, although it certainly appears very precarious, as the dams might be broken by aerial bombs or artillery fire.

Records.

All the records of intelligence and other offices were moved from Hong Kong to Singapore several months ago. The only portions of the High Command in the Far East which were left in Hong Kong were for the sole purpose of the command function of Hong Kong.

Money.

Large sums of money have been lavished on the defense of Hong Kong. It is believed this will prove futile because of the insufficiency of troops to hold the line north of Beacon Hill and to properly garrison the Island of Hong Kong and to eject by counter attack any landing parties which might get a footing on the Island.

Air Service.

There are no airplanes in Hong Kong except a few for communication purposes. They recognize that the air

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field at Kai Tak adjacent to Kowloon city would be untenable. The British are prepared to sacrifice by destruction the splendid city of Hong Kong rather than let it fall into Japanese hands. Its creation was entirely due to their efforts in the past hundred years. They anticipate that it will be destroyed in case of attack.

His Majesty's Naval Dockyards to the eastern portion of Victoria are no longer considered as a naval base.

If the Japanese make a determined attack on Hong Kong in sufficient strength it can not last over two months.

Lieutenant General Grassett is the general officer commanding in Hong Kong. He is a very able officer, much respected in the British army and formerly Operation Officer for the Indian Army at Delhi.

Colonel Neville is chief of staff in Hong Kong; is also a very able officer. Just before his appointment in Hong Kong was Secretary of the Imperial General Staff in London.

All of the above information was obtained from General Grassett and Colonel Neville and from the War Plan which the writer was permitted to see; as well as inspection of the defenses.

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天文臺

(TIN MUN TOI)

半週評論社

THE OBSERVATORY

(SEMI-WEEKLY REVIEW)

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NOV - 7 19[illegible]
WAR DEPARTMENT
SECRETARY'S OFFICE

HONG KONG. October 8, 1940.

NOV 1940

Hon. Henry L. Stimson
Office of the Secretary of War
The American War Department
Washington, D. C.

WAR DEPARTMENT
SECRETARY'S OFFICE

Your Excellency,

I have the honour to present to you an editorial, written on October 2, 1940 by me for "The Observatory" Semi-Weekly Review and published by my firm in the issue No. 402 on October 7, 1940. This article has been translated into English especially for your interest and perusal, so that you may have an idea of what "The Observatory" stands for, during this critical period of political upheaval, among the Chinese people in military problems and international affairs.

It will be ever appreciated with gratitude, in case you can let me have in return your valuable instruction bearing on this important international subject.

With best compliments and warmest regards,

I am,

Faithfully yours,

H. W. Chen

General Chen Hsiao Wei

MILITARY PROJECTS AGAINST GREAT BRITAIN, AMERICA, AND THE SOVIET UNION

As Contained in the Axis-Japanese Pact

Existence of a Secret Agreement apart from a Supplementary Document
Offensive toward America while Temporary Defensive toward U. S. S. R.
Plans for the Attack of British Weak points and Lines
Soviet Neutrality while Britain Is Still Strong with American Support
Necessity of Anglo-Chinese Cooperation and of a Strong British Navy
in the Far East

Of the nature and effects of the German-Italian-Japanese alliance, much has been conjectured by authorities from various quarters. From the standpoint of strategy, the writer can not resist the conclusion that a mere study of the dead letters of the published part of the Axis-Japanese pact will get one nowhere. Apart from the high-toned portion which is made public, there exists a secret agreement as well as a supplementary document. The last mentioned may be divulged to the Soviet, but not the secret provisions, which concern chiefly with projects of united military operations by the parties to the pact. It needs no eyewitness of the complete document to infer that Germany is almost the whole show while Italy and Japan simply play the second fiddle. The pact is signed at Berlin and it is conceivable that German military Experts are largely responsible for the draft of the secret provisions.

In drafting the document, German military authorities, in the midst of their recent triumph over France, have in mind nothing less than the complete domination of Europe. Great Britain, the United States and the Soviet Union all constitute, therefore, their hypothetical foes, although political and strategic considerations demand a differentiation as to the manner and sequence of attack. It is not

not dissimilar from the stand taken by the Soviet, who views Germany, Italy, Japan, Britain and American all in the same light.

Upon these premises, it may be deduced that the secret agreement must include at least the following:

1. Plans for united military action against Great Britain;

2. Plans for united military action against the United States;

3. Plans for united military action against the Soviet Union.

The above three items are necessarily of different characters. On account of a common political and strategic necessity, item (1) must be of an offensive nature, while items (2) and (3) must require the signatories to adopt a defensive position at first but to shift to the offensive when necessary.

Readers may recall that recent talks for the conclusion of the pact did not commence until the first week of September, shortly after the announcement of the transfer of 50 American warships to Great Britain and the lease of strategic Atlantic islands to the United States. Scenting the danger in their face, both Germany and Japan were anzious of obtaining partners and, with the assiduous mediation of Italy, hastily agreed within the short span of a couple of weeks to what they had not been able to concur in some 70 meetings held at Tokyo during a period of full sex months. From this a vivid picture of their nervousness may be readily gathered.

To the Germans, the idea is to employ Japan for diverting American attention from Europe, for exerting more pressures on Britain in the Far East, and for hampering free Soviet movement by watchful waiting on her eastern front, so as to increase their own relative strength in the fight against Britain. For the Japanese, the object sought is to effectively ward off whatever American and Soviet assistance

rendered to China as well as to do away with these powers' interference with their aspirations in the South Seas, in order that the "China Incident" might be quickly concluded and the coveted immense wealth of the Nanyang Archipelago grasped. With hypothetical enemies identical and with interests similar, there remains no obstacle on the way of the tripartite agreement. The pact finally becomes a fact when each of its signatories has lost confidence in himself. It is only natural that men should be led into meaningless efforts in a state of mental inequilibrium as a result of extreme embarrassments.

Fundamentally, American and British cooperation has behind it the important forces of cultural affinity and political sympathy. This constitutes a huge impediment toward Hitler's plot against Britain. True, America is at present preoccupied with her elections and active military participation with Britain against aggression is out of the question. Still, the limitation is by no means permanent. When it is passed, not only is America free to assist Britain in whatever ways she sees fit, but also her helping hand will be considerably strengthened with the execution of her large-scale armament schedules. Should Germany not succeed in breaking up British resistance before the conclusion of the American presidential elections, her existing offensive position would inevitably fall from the vertex to the base. The Germans know it only too well.

Failed in their repeated attempts to invade Britain across the channel single-handedly, the Germans cannot but resort to more elaborate plans to extend the field of operations with a view to discovering weak points in the British lines. However, as this means a prolongation of the war, it would give the Soviet all the advantages no matter whether Germany wins or loses. The bear would certainly

not fail to penetrate the continent upon the earliest opportunity. From this angle, the Germans see themselves contesting with the Soviet for mastery in Europe in the near future and they also realize the usefulness of Japan at the present moment in restraining the too free hands of the Soviet in eastern Europe while they are being occupied in a death struggle against Britain. Consequently, in formulating the plans of united action against Britain, it is indispensable that unified steps dealing with the Soviet be mapped out.

It has been believed by some that the provisions for united action against the Soviet may be only of a defensive nature. According to article 3 of the published pact; "Should one of the signatories be attacked by a country not now at war in Europe or in the Far East, the other two are bound to come to his assistance with all of their political, economic and military means." As a matter of fact, a defensive agreement may be an offensive instrument in disguise. The mood of the Germans and Japanese would not make themselves stop at mere self-defence. If barely this is aimed at, it would be impossible to formulate ~~may~~ definite plan at all. A concrete draft must needs be offensive in fact while defensive only in name.

Concerning the plan for united action against Great Britain, the Germans have not given up the idea of capturing the British Isles. The new project is, in addition to attacking the said area, to extend the field of operation by assigning each of the signatories to strike at the strategic objectives of Gibraltar, the Suez Canal and Singapore. Due to the necessity of adequate preparations, efforts will be made, on the one hand, to muster all available fighting forces and to get together war materials so as to acquire a definite military superiority over the British. Diplomatically, on the other hand, attempts are to be continued to induce the Soviet and Spain to forsake their neutrality and

join the Axis camps. Perhaps the Soviet lacks the intention to be duped by the mask, but it may be possible to lessen whatever unfriendly feelings she might entertain toward the Axis allies. This being the motive, the Soviet was accordingly informed beforehand of the signing of the tripartite pact and presented with a copy of the supplementary document detached of the secret agreement. And the Germans thought themselves wise. Unfortunately, Stalin is too experienced a man to overlook the existence of the secret provisions. Is he unmindful of the fact that the cooperation of two aggressive neighbors on both fronts of his country constitutes a serious menace to its defense? Has he no vision of the spread of gunfires to Moscow and Vladivostok upon the elimination of Britain from the scene? Does he not believe that the Axis-Japanese allies will prey upon him first before going after Uncle Sam? Can he not draw the inference from articles 1 and 2 of the published pact, which promise German and Italian leadership in Europe and Japanese supremacy in East Asia, that the Soviet is being excluded from both continents and is liable to meet the fate of eventual partition? It may not be indulged in thinking that the Soviet leader lacks such imaginations.

But what will the Soviet choose to do? Her national policy, as oft professed, is peace through neutrality. She may not intend to fan up the flames of aggression by casting in her lot with the Axis allies. Then, is she to cooperate whole-heartedly with the Anglo-Saxon nations? The answer is "Yes and No." Relations with the latter countries can be much improved, but it would be too early to predict of the Soviet's joining the camps of anti-aggression. In Stalin's calculations, Britain is still going strong, not to mention the steady flow of supports from America. There lacks no force to exhaust the Germans. In the east, more than a half of Japan's strength has

been drained up by the Chinese, who are sure to entangle the invader to death if effective assistance is only forthcoming. Apparently the Soviet deems it best not to do the job herself but let others do it for her. At least for the time being, she will probably remain aloof. As to the United States, nothing positive can come prior to the close of the elections. Under these circumstances, it seems somewhat ahead of time to conclude that the publication of the Axis-Japanese pact would immediately bring togather China, the Soviet, Britain and America into a close unit, though anything could happen in the next year.

For the moment, the question is whether the British and Chinese authorities have realized that both countries are in the same boat and have sought out the best means for their common safety. Indeed, it should have been unnecessary for the publication of the tripartite pact to quicken that realization.

The plans of the Axis-Japanese allies for united action against Britain has been refered to above. Undoubtedly she herself knows best the counter-measures. From her standpoint, the mainscene is in Europe. Nevertheless, as the most important portion of her empire -- India, Malaya, and Australasia -- lies east of the Suez Canal, she cannot afford to neglect its safety by focusing her attention to the English Channel and the Mediterranean. It is common knowledge whither Japan would advance after her occupation of Indo-China. It might be well for Britain to act promptly before it is too late. Is she to fight side by side with China? Or, has she some other alternatives? If the former, she will be expected to live up to the remarks of one of her statesmen that "Britain is in a mood different from that of the last year."

Unlike the situation in Europe, Britain, if she so chooses, can secure the cooperation of a country in possession of a huge army. In their southward advance, the Japanese have as bases of operations the Hainan Island and Indo-China. If land forces are mainly relied upon for the push, Indo-China will be strategically much more important than the Hainan Island. Full cooperation between the Chinese army and British naval and air forces would at least deter the rash execution of Japan's maritime policy, thereby relieving the threats against Singapore.

Briefly reviewedm the Japanese have planned to secure two land routes for their sounthward expansion: (1) with Wuchang as a base, one route runs through Changsha, Hengyang, Kweilin, Lweilin, Liuchow, Nanning, and reaches Chennankwan; and (2) with Formosa as a base, the other route starts from the Swatow-Chaochow area, passesthrough Waichow, Canton, Wuchow, Nanning, and reaches Chennankwan. As regards the three sea routes: (1) with Formosa as a base, one route passes through Hongkong, the Hainan Island, Indo-China, Thailand, and reaches Singapore; (2) again with Formosa as a base, abother route traverses through Manila and reaches Singapore; and (3) with the Japanese mandatory islands in the Pacific as bases, the third route leads directly toward the Dutch East Indies. Of the two land routes, the possibility for the opening of either is extremely remote. As to the sea routes, the realization of both (2) and (3) has to depend solely on the navy -- a delicate task indeed. If the passage of route (1) is attempted, land, naval and air forces may all be utilized. Judging from present developments, the Japanese might be tempted to choose route (1) for their southward aggression. They would attack Singapore with the navy while assailing its rear with the land force. It is in this situation that the utility of Chinese army will be at once comprehended.

Yet the matter of Sino-British military cooperation requires

thorough preparations. Details concerning military secrets are not to be discussed here. However, it is hoped that the Chinese authorities establish immediately a board for South Seas affairs under the department of military operations of the National Military Council. Plans for the organization of the rescuing army must be formulated in time and capable leadership nominated. Regardless of British heasitations, China should be able to bear the responsibility even alone. Whether it is to safeguard the lives and welfares of her eight million overseas nationals or to forestall the falling of Nanyang resources into enemy hands, it is imperative that China takes the initiatives.

Turning to America's role, it has been her policy to render the maximum assistance to Great Britain without actually going into the war. It may be suggested that what has been agreed upon between the two countries on the defenses of the Atlantic region might be similarly applied to the Pacific area. If America decides to aid Britain in this manner, she will not only make safe her interests in the western Pacific, but also secure the defenses of her western coast. There will be no necessity and risk of crossing the Pacific to fight an opponent. Even it the Japanese could revive their able Admiral Togo, they would still be at a total loss. Unquestionably this will be America's best answer to the German-Italian-Japanese alliance. In addition, her material aids to China, apart from benefiting the latter country, may be viewed as a form of indirect assistance to Britain.

October 2, 1940

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Date 5-22-69

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G-2 Report. 6-1 3860 02

OCT 20 1937 WAR DEPARTMENT
MIL. INTEL. DIV.

2657-D-456

JAPAN (FOREIGN AFFAIRS - GENERAL)

Subject: Military Treaties, Alliances, Ententes, Regional Pacts.

Soviet Aid to China.

RECEIVED G/2 W. D. OCT 19 1937

1. Since the announcement of the Soviet Chinese non-aggression treaty by the Nanking Government on August 29th, the Japanese have been suspicious that this treaty contains secret clauses which obligate the Soviet Union to furnish military aid to China in return for certain political concessions which the Chinese would make regarding Outer and Inner Mongolia and railway construction in that area. The Japanese press is now convinced that a mutual assistance agreement has also been reached between the two countries which is operative at once as far as Soviet assistance, particularly military aircraft, is concerned.

2. Japanese Press Reports of Soviet Aid to China.

a. The Japanese press has, on several occasions recently, reported definitely that Soviet aid, especially aircraft, was being given China and that early in September or late August, Marshal Bluecher, commander of the Soviet Far Eastern Army, flew to Ulanbator where he met Mao Tse-tung, commander of the former Chinese "communist army" and made arrangements for supplying military materiel to China.

b. About the same time, the Japanese press reported that 72 Soviet military planes recently arrived in Shensi via Outer Mongolia, and that 144 more were expected.

c. According to Domei reports, nine (9) pursuit planes about August 20th, were flown to China by Buryat-Mongol pilots via Sian.

d. According to the Asahi, the Chinese Kwantung Army has been "entirely bolshevized", having as many as 20 Soviet officers assigned to each division as instructors and advisors.

3. Other Reports of Soviet Assistance to China.

A recent confidential cable report from the American Embassy, Nanking, stated authoritatively that 300 Soviet planes would be sent to China and concentrated at Lanchow (Kansu Province) where accommodations have been constructed. If this report is true, the planes will undoubtedly be flown via Tacheng, Tihwa, Hami (all in Sinkiang Province), and Suchow (Kansu Province) where airfields are located. Intermediate hops along this route are only about 300 miles or less and Tacheng is only 30 miles from Semiopol on the Turksib Railroad. This is the only route

From: M/A Tokyo. Report No. 9008 October 1, 1937.

~~CONFIDENTIAL~~

from Russia along which landing fields have been established and it has the additional advantage of being beyond the radius of probable action of Japanese aviation and so immune to interruption - advantages not enjoyed by routes farther to the east.

4. Japanese Efforts to Discover & Stop Soviet Aid.

a. Concentration of Air Units in Chahar:

A well informed Japanese Air officer said recently that a large portion of the Japanese air strength regularly stationed in Manchuria, estimated to be seven regiments, would be concentrated in western and southern Chahar for several weeks beginning September 26th or 27th, and intimated that suspicion of unspecified "Soviet actions" caused this concentration, carried out under the guise of maneuvers.

b. Inspection of Captured Chinese Materiel:

Well informed Japanese stated that the Japanese Army and Navy are making every effort to identify captured or abandoned Chinese equipment, clothing, materiel, etc., as being of possible Soviet manufacture. So far, nothing has appeared in the press, according to the same source, which would convict the Soviet Union of supplying arms to China. A Japanese staff officer today confirmed the above.

5. Japanese Reaction.

a. The utterances of prominent Japanese and the press indicate there is little doubt in Japan that aid is being supplied to China by Russia. Army officers privately admit their belief that Soviet aid is being given China in "unimportant quantities" because of the difficulties of transportation. No official statements have been made by Army leaders regarding this question, and this reticence is seen by well informed Japanese as indicating that the Army views present relations between Japan and Soviet Russia as "alarming."

b. Young Japanese staff officers state confidentially their opinion that the Japanese Army is not carrying on the China operations with the enthusiasm it would if Soviet Russia were Japan's opponent. These young officers, who are in responsible posts in the War Office and General Staff, believe that the opportune time to deal with Soviet Russia will be immediately after the Sino-Japanese operations are concluded. These same officers, however, do not believe that Russia intends to attack Japan.

6. Japanese Troops in Saghalien.

Another indication of the ill-feeling which existed between Japan and the Soviet Union even before the outbreak of the Lukowkiao incident on July 7th, was the reported dispatch of troops to Karafuto, the southern half of the island of Saghalien belonging to Japan. It was reported that the 5th Air Regiment (two squadrons each of pursuit and observation aviation) was ready to be moved to Karafuto when

the China trouble started and reliable American business men stated that orders for 500,000 gallons of aviation gasoline were placed with oil companies about July 10th, subsequently cancelled. Other Americans who were in the Hokkaido and Saghalien about the middle of July and later, stated that troops, strength unknown, had been moved from the mainland and Hokkaido to Saghalien.

This information was confirmed by a well informed Japanese who was in the Hokkaido about the same time, and stated that the opinion of Hokkaido residents was that "about half the troops in Hokkaido" (about 7,000 men), had been sent to Karafuto where they are still stationed. Letters and postcards from these men received by their families in Japan proper and Hokkaido, seen by the same source, are postmarked "Soya", which is a small postoffice near the railway terminus and port of embarkation for Karafuto of Wakkanai.

7. Comments.

In spite of the present hostilities in China, there is no doubt that now, as for years past, the Japanese Army regards Soviet Russia as its principal enemy, and is convinced that nothing can prevent another Russo-Japanese war. It is difficult to believe that the Japanese Army wants war with Russia while fighting is going on in China, but it is conceivable that if Soviet aid to China has a significant influence on Japanese operations in China, resentment will be too great to be controlled.

Source: As indicated.

John Weckerling,
Captain, Infantry, DOL.,
Asst. Military Attache.

1st. Ind.
The Military Attache, American Embassy, Tokyo, Japan.
To: The Chief, Military Intelligence Division.
1. Approved. William C. Crane
William C. Crane,
Lieut. Colonel, F. A., DOL.
Military Attache.

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By
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G-2 REPORT

3860.02

JAPAN (TREATIES, ACCORDS, PACTS)

Subject: Military Treaties, Alliances, Ententes, Regional Pacts.

Soviet-Chinese Non-Aggression Treaty.

RECEIVED G/2 W. D. SEP 21 1937

1. The text of the Soviet Chinese non-aggression treaty announced by the Nanking Government August 29, 1937, according to the Japanese press follows:

Preamble

"Inspired by a desire to contribute toward the preservation of universal peace, strengthen the friendly relations existing between them on a firm and permanent basis, and confirm more precisely the obligations mutually undertaken by them in accordance with the Paris Pact of 1928, the Governments of the Union of Soviet Socialist Republics and the Republic of China solemnly confirm:

Article 1. "That they condemn recourse to war for the solution of international disputes and renounce war as an instrument of national policy in their mutual relations; and, as a consequence of this obligation, that they undertake to refrain from any attack upon each other either singly or jointly with one or several other Powers,

Article 2. "That, if one of the signatories is attacked by one or several third Powers, the second signatory undertakes not to render, directly or indirectly any assistance to such third Power or Powers for the entire duration of the conflict, and to refrain from any action or agreement which might be utilized by the attacking party to the detriment of the party attacked;

Article 3. "That the obligations of the present treaty cannot violate or alter the rights and obligations ensuing for both signatories from treaties and agreements concluded by them prior to the signing of the present treaty; and

Article 4. "That the present treaty shall come into force from the day it is signed and shall remain in force for five years; and that it shall then be automatically prolonged for successive periods of two years each if neither of the signatories notifies the other six months prior to expiration of the treaty of its desire to terminate its validity."

In case neither of the contracting Powers communicates to the other to that particular effect, the agreement will automatically remain effective for two years after the five-year period expires.

From: M/A. Tokyo. Report No. 8964 RESTRICTED September 2, 1937

In case neither of the contracting Powers manifests its intentions to abrogate the present agreement six months before the two-year period expires, the accord will continue in effect for another period of two years, and the same provision shall apply during the following years.

According to the Japanese press, signatures were affixed August 21, 1937:

For China:

Dr. Wang Chung-hui,
Foreign Minister

For the U. S. S. R.:

Dr. Dimitri Bogomolov,
Soviet Ambassador to China.

2. Secret Clauses:

a. The Japanese press believes that the following secret clauses are included in the Soviet-Chinese agreement:

(1). In the event a third nation attempts to invade Inner and Outer Mongolia, China and the Soviet Union shall assist each other in military cooperation against that invader.

(2). On request, the Soviet Union shall supply China with arms, ammunition, provisions, oil and other military goods, as well as with military advisers.

(3). The Nanking Government shall recognize the Communist Party, allowing it to participate in the administration. The Nanking Government shall not conclude an anti-Communist agreement with any third nation.

b. Domei reports from Hsinking stated that secret clauses among others contain provision for the recognition by China of Soviet rights and interests in Outer Mongolia and Sinkiang.

3. Japanese Press Reaction:

a. The Japanese press believes that since the detention of the Generalissimo at Sian in December 1936 there has been a steady but unmistakeable trend favorable to the group of Chinese leaders who advocate a strong stand against Japan, including General Feng Yu-hsiang and Sun Fo. The abandonment of the prolonged anti-Communist drive, formerly pursued by General Chiang Kai-shek, demonstrated the growth of sentiment in favor of accepting Soviet Russian assistance in strengthening resistance to Japanese penetration in North China. The failure to punish the leaders of the Sian coup d'etat, the payment by the Nanking Government of Yuan 5,000,000 annually to the former Communist Army of Mao Tse-tung, who himself is now invited to attend meetings of the National Military Council, and the release of

prominent communists further indicate to the Japanese press the victory of the Feng-Sun anti-Japanese-Communist group.

b. Though many papers admit that the Soviet-Chinese agreement as published in the press is substantially the same as similar Soviet non-aggression treaties concluded with its neighbors some years ago, the Japanese press is suspicious of the inclusion of secret clauses, tantamount to an offensive and defensive alliance, in the treaty. The press generally accepts Soviet military assistance to the Chinese as inevitable and sees the certainty of the strengthening of the Russian predominant position in Outer Mongolia and probably in Sinkiang.

c. The press sees as one of the indirect results of the conclusion of the Soviet-Chinese treaty, the beginning of stronger cooperative action between the United States and Great Britain, and generally better understanding between these two countries and France and Soviet Russia regarding the Shanghai fighting. At any rate, concludes one paper which expresses an almost isolated opinion, joint action by Great Britain and the United States to restrain Japan politically is nearer.

d. The spokesman of the Japanese Foreign Office according to the press stated that China by signing the non-aggression pact with the U.S.S.R. had become the puppet of Soviet Russia. The press sees the practical loss to China of Outer Mongolia and Sinkiang in payment for Soviet assistance and predicts that China will become "the Spain of the Orient" as communistic propanganda is allowed to enter China through the northwest.

4. Statement of Chinese Ambassador:

a. On September 1st the Chinese Ambassador in Tokyo called on the Foreign Minister and denied that the Soviet-Chinese non-aggression treaty includes secret military clauses and that it is different from other Soviet non-aggression treaties concluded with European countries. He particularly called attention to the third article which stipulates that rights and obligations provided for by former treaties and agreements concluded by the signatories prior to the signing of the non-aggression treaty are in no way affected by that treaty. The Ambassador also clearly implied that China did not renounce nominal sovereignity over Outer Mongolia acknowledged by the U.S.S.R. in the Soviet-Chinese treaty of May 31, 1924 nor will she permit the existence of communistic propaganda activities prohibited under article V of the Soviet-Mukden Treaty of September 20, 1924.

b. The Ambassador stated that China was ready to conclude a non-aggression treaty with Japan and urged the ending of the present hostilities.

5. Comment: ~~RESTRICTED~~

a. The Japanese Army has long been seriously concerned over the menace of communism and the advance, politically and economically, of the U.S.S.R. through Sinkiang and Outer Mongolia to northern and northwestern China. One of the three principles for the adjustment of Sino-Japanese relations of Foreign Minister Hirota (proclaimed during his first incumbency as foreign minister in the Okada Cabinet) was insistence upon joint Japanese-Chinese action against communism, interpreted by foreigners and Chinese as Japanese dominance of and penetration into, northern and northwestern China to prevent the spread of Soviet influence, and establish Japanese controlled areas contiguous to Manchoukuo.

b. That the immense force being sent to North China and Manchoukuo, including tremendous numbers of technical troops, trucks, transportation of all sorts, artisans, carpenters, etc. is intended solely for use against the Chinese troops is doubted by well informed Japanese and foreigners. Only a comparatively small detachment has been sent to the Shanghai sector to assist the Navy and War Office officers have emphasized that the northern theatre is the vital area. It is believed that the concentration of large Japanese forces in North China and Manchoukuo and of a smaller one in Southern Saghalien have as their objective the expulsion of Chinese forces from Hopei and Chahar with a view to assuring Japanese future control of that area and punishing severely the Chinese Government. These forces, moreover, are intended to meet the threat of Soviet interference, considered a possibility at the beginning of the North China Incident and, now that the incident has developed into war, believed a probability.

Source: As indicated in report.

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John Weckerling,
Captain, Infantry, DOL.,
Assist. Military Attache.

1st. Ind.
The Military Attache, American Embassy, Tokyo, Japan.
To: The Chief, Military Intelligence Division.
1. Approved. William C. Crane
William C. Crane,
Lieut. Colonel, F. A., DOL.
Military Attache.

RESTRICTED

From: M/A. Tokyo. Report No. 8964 September 2, 1937

(62)

G-2 REPORT

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NOV 10 1937
CHIEF OF STAFF
INTEL. DIV.
2653-9-456
3
WAR DEPARTMENT

JAPAN (POLITICAL)

Subject: Foreign Relations

U. S. S. R.

RECEIVED G/2 W. D. NOV 9 1937

1. The Japanese press persists in its belief that a secret mutual assistance agreement has been reached between China and Soviet Russia and that as a result of this agreement and of Soviet policy to supply China with arms, ammunition and aircraft (as believed by the press) in order to strengthen Chinese resistance in the present fighting with Japan. The press is convinced that the reported visits of the Soviet Ambassador and Chinese leaders to Moscow will be followed by concrete evidence of Soviet military aid. The press however sees a softening of the Soviet attitude toward Japan recently because of various factors in the European situation and the operations in China.

2. Mutual Assistance Agreement:

a. The press reported that three Chinese leaders, Sun Fo, president of the legislative Yuan, Chiang Ching-kuo, son of the Generalissimo, and Chen Li-fu, Kuomintang leader, went secretly by plane to Moscow early in September where the following mutual assistance agreement was signed:

(1) The Soviet Union will lend 100,000,000 rubles with which to purchase arms, provisions and oil in order to resist Japan. Delivery will start gradually in September.

(2) Special Soviet officers will be attached to the Chinese General Staff in order to maintain close contact with the General Staff in Moscow. The appointment of Soviet Military experts or advisers to Chinese field headquarters will be considered, depending on later developments.

(3) A high Soviet commissar will go to Nanking as diplomatic adviser.

(4) The Soviets will establish aviation schools at Ulanbator, Outer Mongolia; Hami, Sinkiang, and Lanchow, Kanchow Province. They will train Chinese as aviators and other aviation experts. The instructors are to be Soviets, Mongols or Buryats. However, Europeans taking refuge in the Soviet Union may be engaged as instructors if desired.

(5) China shall recognize Outer Mongolia as an independent state. A Chinese army leader is to be appointed high commissar to maintain contact with Ulanbator. (Either General Chang Hsueh-liang or General Feng Yu-hsiang are seen as nominees for this post.)

From: M/A Tokyo Report No. 9027 October 13, 1937

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G-2 REPORT

(6) Such a commissar shall organize a Chinese-Outer Mongolian front against the common invader and for mutual protection of territory from aggression.

(7) The Soviet representative at Ulanbator shall confer with the Chinese commissar regarding exploitation of the territory between Outer Mongolia and China through the construction of light railways, highways and air routes.

(8) Sinkiang Province will be made a special reserve for the Chinese army and a special force shall be organized for that area. The Soviet Union will co-operate to maintain peace and order in the Northwest and at the same time shall endeavor to restrain provincial militarists in Kansu, Shensi and Szechwan, so that they will be under Nanking's rule.

(9) All protests or memorandums, of whatever nature, to be submitted to the League of Nations must have the previous approval of the Soviet Union.

(10) China will not conclude any agreements or pacts with Japan, Germany or Italy without previous approval by the Soviet Union.

b. The agreement as reported above differs little from other mutual assistance pacts supposed to have been concluded secretly by China and the Soviet Union but because the articles which refer to aviation assistance, the establishment of aviation bases, and the use by the USSR of Outer Mongolia as a base of operations against Japan are so typical of Japanese suppositions of Soviet intentions at present, ~~that~~ the entire translation is reproduced above.

3. Return of Soviet Ambassador to Moscow:

a. The Japanese press reported that the Soviet Ambassador to China, Mr. Bogomolov, returned to Moscow September 28th by plane although Domei despatches from Moscow dated October 4th stated that the Soviet Foreign Office was not informed of his departure from Nanking. His return to Moscow was for the purpose of arranging loans and supply of munitions to China according to the press, which reported that decision was reached to send 260 Soviet planes flown by Soviet pilots to China via Lanchow and Sian. Open supply of, and assistance to Chou Te's 8th Route Army (former "communist Army") operating in Shansi to "enable them to attack Manchoukuo" is reported by the Japanese press.

b. In connection with the departure of Soviet officials for Moscow, both the Military and assistant Military Attache of the Soviet Embassy are absent from their posts here as well as the Naval Attache. The former returned home "on leave" though he was absent during 1936 for over four months for the same reason. His assistant will be replaced. The absence from their duties during the present crisis when a newly appointed Ambassador has just assumed charge is interpreted here generally as being influenced by the recent happenings in the Soviet

Union.

4. Reported Withdrawal of USSR Far Eastern Army Headquarters:

According to press reports the headquarters of the Soviet Far Eastern Army was recently removed to Irkutsk from Khabarovsk and that this information was confirmed by reports reaching "certain quarters" in Harbin, presumably White Russian sources. The press attributes the removal of the Far Eastern Army's headquarters to Irkutsk" because of sweeping Japanese victories in North China and Inner Mongolia which has brought the Japanese Army closer to the USSR border" and "because of the increasing anti-Soviet movement in easter Siberia". Possibility of the establishment of at least an advanced echelon of the headquarters of the Far Eastern Army at Ulanbator was hinted at by the press.

5. Reported Soviet Relaxation of anti-Japanese Pressure:

a. According to the Japanese press indications of Soviet relaxation of its anti-Japanese policies is seen by the following incidents:

(1) Sudden release of over sixty Korean and Japanese fishing vessels recently detained.

(2) Unexpected approval of visa of two Japanese employees of steamship companies in Vladivostok, long refused by the USSR officials.

(3) Reports from Japanese correspondent in Russia that Stalin has issued strict orders to the Far Eastern Army to avoid a general clash with Japan and to minimize or localize border incidents.

b. The press believes that the weakening of the Soviet attitude is due to loss of confidence of the USSR in view of its increasingly bad internal situation, "Japanese military victories in China and her defiance of world opinion" and the favorable attitude of the Fascist countries toward Japan, especially Italy. The press believes that an Italo-Japanese anti-Comintern agreement similar to the German pact is possible in the near future.

6. Japanese Concessions in Saghalien:

a. Prior reports (No. 9008 Par 6, Oct. 1, 1937) from this office have mentioned the friction existing in North Saghalien between USSR officials and the Japanese coal mining and oil companies which according to Japanese press reports has become intensified recently because of increased Soviet pressure on Japanese nationals, mostly employees of the two companies mentioned above. (See Report No. 9003 Section II par. 2c). According to the press, representatives of the War, Navy, Foreign and Commerce Ministries have just concluded a series of conferences regarding difficulties in Saghalien and reached the decision to "take every step possible to protect its interests in the coal and oil industries of North Saghalien."

Despite this statement the press reports that the operations of Japanese companies in North Saghalien will be sharply curtailed hereafter.

b. Reports that Japanese forces are stationed in Karafuto (southern Saghalien) are still current. A reliable source recently stated that in order to avoid charges that Japan is violating the Portsmouth Treaty which prohibits fortification or militarization of the Saghalien border the soldiers stationed in Karafuto are clothed in overalls such as mechanics wear or civilian clothes.

7. Comment:

a. The press now recognizes that the attitude of Soviet Russia toward China in the present fighting is influenced almost wholly by the effect of the Sino-Japanese military operations upon her relations with Japan, present and future. The press sees that "lukewarm" military assistance to China will undoubtedly be continued (the press believes that assistance has already being extended despite its admission that there is no concrete evidence to the contrary) to enable the Chinese to continue its resistance to Japan and therefore create opportunities for increasing her own prestige in China as well as injuring Japan.

b. Typical of Japanese opinion especially that of the military, is the following summary of a statement issued by the Mako (Taiwan) Naval Station:

> "We must never forget, even in our dreams, that a second and a third enemy are waiting their chance. "Consequently, we must be prepared for a real fight, studying the results of the grand maneuvers, so to speak, in which we are now engaged.
>
> "The people must be prepared for such eventualties with courage and preseverance, particularly as international movements are now extremely delicate. Each Power is quick to see its own advantage and it is conceivable that they are trying to annoy China because of their interests in China.
>
> "Although we must be on our guard against such manipulations, we need never feel nervous. We must stand stronger than ever and more righteous."

c. In the meantime a considerable and influential group of officers, according to a reliable and authoriative military attache, favors the discontinuation of operations when the Japanese Army has executed its limited objectives around Shanghai and in North China, respectively, cutting the Nanking-Shanghai railway west and north of Shanghai by a decisive southward advance toward the city of Shanghai itself, and reaching the line of the Yellow River (and Tsinan) by the forces operating along the Tientsin Pukow Railway. This group of officers (our informant states that they are mostly General Staff officers) believes that protracted operations toward Nanking in the south or the extension of operations south of the entire line of the Yellow River in the north will have no other effect

but to weaken Japan by lengthening her lines of communication and possibly give Soviet Russia her opportunity, though they doubt an attack from that direction.

Source: Press and as indicated in report.

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John Weckerling,
Captain, Infantry, (DOL),
Asst. Military Attache.

1st. Ind.

The Military Attache, American Embassy, Tokyo, Japan.
To: The Chief, Military Intelligence Division.

1. Approved. For and in the absence of the Military Attache

Harry I. T. Creswell,
Major, Acting General Staff,
Asst. Military Attache.

FROM: "PEKING LEADER", Peking, China,
December 16th, 1919.

Political

AFTER SHANTUNG - - - - - WHAT?

By Putnam Weale.

JAN 24 1920

That, until the masculine action of the United States Senate, the war had done little or nothing to improve the relations between the peoples of the Far East, is now seen to be an incontestable fact. So far as Eastern Asia was concerned, all the hopes raised by the high-sounding declamations of the Armistice period had been replaced by bitterness - bitterness on the part of the Chinese people, bitterness on the part of the Korean people, and even bitterness on the part of the Japanese. For one of the curiosities of the situation has been that the Japanese, bent on acquiring a universally recognized hegemony over the Eastern shores of the Pacific, were as rancorous as anyone at their "failure" at the Peace Conference. Thus, as a solvent for the mass of difficulties left over in China from the series of conflicts which had occurred since 1894, the Versailles Treaty, as it emerged last summer from the hands of the Allies, was a delusion and a snare, being an Instrument of War and not of peace, a challenge to China's national existence and even an expression of contempt. The reported acquiescence of England and France to the Shantung reservations means ultimately that the Shantung question will be written off the slate - - for that the growing Liberal elements in Japan will tolerable exposing their country to the perils of an open break with the three strongest nations in the world is unthinkable.

China As A World-Force.

Obviously the pivotal point in the present reshaping of the Far East has become China. Everything depends upon her actions. But why has China in the past been so little considered?

The principal cause must be held the failure of the world to understand or take seriously the Revolution of 1911. There can be no mistake about this. A thick line has never been drawn, as it should have been drawn, separating Republican China from the China of the emperors, a course of action which would have long ago changed the whole international aspect and given us a surcease from the old intrigues. In Western countries, however, the Chinese Revolution has never been considered a revolution: it has been thought of as a plot and a revolt followed by an unintelligible Abdication. History having duly recorded these facts, things were assumed to be precisely as they were before, the whole terrific muddle of policy in the Far East during the war-period from 1914 to 1919 solely due to the same incorrigible thick headedness as has distinguished the handling of the Russian Revolution. In other words, there was reaped at Paris the result in politics, incompetence in finance, incompetence in the understanding of elementary psychology. If the problem is to-day to be fully solved it must be by China securing that

this inherent/

this inherent indifference for her national well-being is turned into a great buckler by her utilising the credit and labor-strength of her people and showing in a concrete money-form what 400 million people signify. The Senate of the United States has no doubt earned the undying gratitude of the Chinese people, but China should be carefull to express her gratitude not by thanks but by action just as masculine.

Self-Sufficiency, the New Watchword.-

The first thing for the Chinese people to aim at is self-sufficiency; they must rely upon themselves and not upon others. They should make up their minds to a definite course of action and hold to it like grim death. The thing that is crippling China to-day is the financial confusion, which is the source of all other confusions; and it is this problem on which all the best minds should concentrate their sole attention. If China were made financially independent as she could be made in 18 months by the inauguration of an adequate, banking system, all her other troubles would fade and the new era be clear. The writer has already hammered sufficiently on the subject of mints; but the other question which goes hand in hand is the question of creating a proper National Bank will fitly express the inherent economic strength of the Chinese people and bind them together. China requires a National Bank with a great capital; she can get the money from her own people, if she acts rightly; and the time has come when she must do so without delay. We are just now suffering from a plethora of banks. China has within her borders every kind of bank excepting the right one; until there is a proper National Bank of Issue, the true reorganization of Chinese Credit and Currency will be impossible.

Use the Students Union and Launch a National Campaign.

So far the Students Union has succeeded in a awakening the national spirit sufficiently to make all men feel angry and humiliated over Shantung. But the reasons for the boycott the anti-Japanese feeling will soon disappear; certainly they will go in 1920. There is to-day a nobler task for the young men to apply themselves to: - namely unifying the Chinese people economically, thereby making China financially independent. There are said to be 800,000 students in the Students' Union: after due reparation they should be used to launch a National campaign over the length and breadth of China to secure that when a Subscription Lists are opened the entire merchant and landowing class of China, without distinction, subscribes to a National Bank which will be placed above politics and absorb all existing institutions. There is believed to be in China to-day an almost innumerable class of small capitalists who have money in hard silver and who could subscribe great sums on guaranteed Bank Stock. To prepare an adequate programme and an adequate plan a Congress of Chinese bankers and Chambers of Commerce should be convoked in Peking next year and a scheme worked-out with the best expert assistance that can be obtained to create a National Bank on the model of the great Central Banks of Europe. Amalgamation and expansion of existing institutions, such as has become the ruel in Western countries since the war, seems the sole method of acquiring the massed financial strength which the country craves; and if there are to-day strong patriots in the land this is what must be done. China requires a National Bank with a paid-up capital ten times larger than any of her existing institutions possess: the Republic will not really exist until there is such a Bank. During the past ten years there have been numerous instances showing that

a single/

a single province can subscribe very large sums: for instance, in the Szechuan Railway subscription, and in the National Redemption Fund of 1915. Many millions were subscribed. If a plan is mapped out like the Liberty Loan drives in America, with every district in the twenty-two provinces fully covered by a Committee, a surprising result may be obtained.

Points to be Considered.

There are numerous points which make such a voluntary levy on capital in China easy. In the first place there is no income-tax in China. Rich men have nothing to pay on their riches and very often bury their surplus silver. Senator Burton recently told the writer that the man who could introduce the income-tax into China would be the real saviour of the country. But this argument is based on a wrong assumption, since the imposition of the income-tax can only be carried out in highly-organized communities where personal taxation is well-understood, and banking has reached a high point of development. In China none of the necessary conditions are fulfilled, and the inquisitorial method would be unworkable. But a voluntary levy on capital in the form of Bank subscriptions, which would have a government guaranteed minimum rate of interest, should be easy to obtain on a giant scale once all the safeguards and guarantees used in Western countries were made the keynote of the scheme and the condition on which subscriptions were invited :- namely Public Weekly Bank returns; rigid control of Bank Note Issues and metallic reserves; auditing by independent accountants; quarterly inspection by National Committees.

The time is ripe for this great experiment. For the thing that is dragging China down is the unscientific handling of her national credit; the reliance on a multitude of foreign and Chinese banks for the day-to-day financing; the absence of any institution which can demand as it right the banking of the National income; the fact that internal revenues like the salt revenue are not deposited from the day of collection in a safe deposit which no one will dare to raid.

The creator of a true National Bank, which will embody the whole economic and capitalistic strength of the Chinese people, will be the saviour of China. This is the first matter which must be taken up - after Shantung.

- - - - - - - - -

FROM THE PEKINGLEADER, Peking. December,10th 1919.

THE COST OF ANTI-JAPANISM.

(We would draw the particular attention of our readers to this expression of opinion from the sober and well-informed "Japan Advertiser" Ed.)

The Chinese boycott of Japanese goods is having a serious effect. Some lines which up till May were properous are reduced to shadows of their former selves, and the Foochow incident has generated an amount of anti-Japanese feeling which cannot but intensify the trouble. Figures published by the Herald of Asia show a great falling off in trade. Between May and September China's imports from Japan in certain articles of daily consumption were as shown below :

	May	June	September
Cotton yarn (piculs).....	12,470	3,099	3,954
Paper (piculs)	21,097	7,956	7,488
Cotton cloth(yards).....	867,000	356,000	167,000
Umbrellas	343,000	49,000	6,000
Canvas bags	1,378,000	474,000	456,000
Matches (gross)	499,000	115,000	269,000

There have been Chinese boycott before and they have usually produced a restriction of trade for a time, and then have gradua-llypetered out. The agitation which caused them ceased to make a lively impression on the public mind, and the need of goods reasserted itself. No doubt the present agitation will in time succumb to the same causes, but the Foochow affair has had the unfortunate effect of reviving it at a moment when Japan's war monopoly is passing away and when other countries are able to make strenuos efforts to recover old trade and acquire new. China, with the exchange so heavily weighted in her favor,is able to purchase foreign goods that were beyond her reach before. Markets lost now may be lost for an indefinite time to come.

To those commercial considerations certain political factors of a serious nature must be added. The anti-Japanese movement in China is mainly in the hands of the Students' Union.This means that the rising generation of Chinese are growing up to hate Japan. Their first political impressions are being formed by an agitation which represents Japan as the principal aggressor upon China. We do not defend that agitation, or claim that it is justified. But there it is, a tangible thing, exercising an

influence

influence in China which is daily increasing in strength, and producing those actual and immediate losses which are indicated in the trade returns quoted above. The Japan Times yesterday published a long statement, circulated by Kokusai, according to which the Y. M. C. A. is responsible for much of the political intrigue in China, the officers and members of that Association, "particularly the Americans,"being "noticeably Anti-Japanese in their attitude." It is added that foreign members or officials of the Y. M. C. A. took part in the fighting at Foochow and were seen "urging them (the Chinese students) on to violence against the Formosans and Japanese." The Y. M. C. A. is a well-known institution, quite able to defend itself. In spite of the " reliable," but anonymous, reports made in "official circles," which are otherwise unnamed, but which may conceivably have some connection with the War Office, we shall regard the statement that foreign officials of the Y.M.C.A. took part in the fighting and incited the Chinese to attack the Japanese as improbable until it is supported by evidence. As for the suggestion that the Y.M.C.A. is the hidden cause of the agitation against Japan, it is about as sensible as it would be to say that the fly on the wheel makes the engine go round. It is not in the power of any foreign society in China to raise a popular agitation of the kind which has raged for months. The ordinary Chinaman would very properly laugh at the missionary who urged him not to buy any particular kind of goods that he wanted to buy. Let any Japanese ask himself whether the Y. M. C.A. in Japan could create an agitation of such a nature here and he will realize how futile is the delusion that the anti-Japanese sentiment now raging in China is the product of foreigners.

The reputation of American missionary enterprises in China is of relatively little importance in this connection. It is of serious importance, however, that the Japanese people, as the people principally concerned with China's foreign relations, should not be misled into imagining that any forign individuals or societies are the cause of the present unhappy Sino-Japanese relations. Such an achievement is altogether beyond the power of the foreigner in China. Its source must be looked for elsewhere. This is recognized by the Japanese press when policy towards China is being discussed on general lines, or when an unpopular ministry is being criticized. The China policy of the Terauchi Cabinet, for example, was denounced, after the event, by almost every newspaper in Japan. But when specific trouble arise there is a disposition to forget that the particular is connected with the general. Former policies are condemned, but it is forgotten that present troubles are the product of those policies. The fountain-head of anti-Japanese feeling in

China is the Chinese people's dread that Japan cherishes aggressive intentions. To overcome that fear and to create a feeling of friendship and confidence is Japan's principal need in China to-day. The relations of the two countries must be built upon goodwill. Only in such relations can Japan hope to enjoy the economic fruits of her special position, industrial and geographical in relation to China. The rewards of a policy which should bring China and Japan into bonds of friendship and confidence are incalculable. The rewards of a policy which, either because it is mistaken or because it is misunderstood, appears to the Chinese people to be aggressive, are to be seen in the figures given above and in the anti-Japanese sentiment which has spread throughout the educated younger generation of Chinese. It is for the Japanese people to choose in the light of facts which they may plainly read.

FROM: THE PEKING LEADER, Peking. December,10th 1919.

BOYCOTT OF JAPANESE GOODS.

CHAMBER OF COMMERCE SENDS OUT CIRCULAR NOTICE.

As a result of his signing a declaration guaranteeing all the members of the Chamber of Commerce to boycott Japanese goods and banknotes forever, Mr. An Ti-shang, Chairman of the Chamber, has issued an extraordinary notice to all the firms enlisted in the Chamber as follows :

"Owing to the Foochow case, a Citizens' Mass Meeting was held at the Tienanmen on the 7th instant. It was decided that hereafter no more low grade goods should be purchased and that within three days all such goods now in the possession of our members should be shelved and stored away. If any member dares to deal with low grade goods from now on the Chamber will not be responsible for any consequence that may ensue. We make this declaration in the hope that everybody would conscientiously do his part in prosecuting the boycott to the bitter end."

JAPANESE RESIDENTS HOLD MEETING.

The directors

The directors of the Japanese Club in Peking hold a meeting yesterday to discuss measures to deal with the boycott movement. It was decided that another meeting will be called this afternnon at two o'clock and the Japanese Minister will be requested to be present. It is stated that the latter has submitted a detailed report about Sunday's Citizens Meeting to the Tokyo Government ; it is needless to say that Mr. Obata is paying special attention to the Chinese people's movements in consequence of the Foochow fracas. There was a larger crowd than ever before the Yokohama Specie Bank yesterday, some went to cash money with notes while others draw their deposits.

FROM: SHUN TIEN SHIH PAO, (Japanese) Peking.
December 13th, 1919.

According to a Nanking telegram dated the 11th instant a number of students of the schools established by the Americans there, as if to respond to the boycott movement in Shanghai, rushed into the Chinese shops, and burned up the Japanese goods in them. It goes on to say that nothing has been done by the officials to deal with the case, and it was only after the proclamation of a restriction law that local order was restored.

FROM : THE NORTH CHINA STANDARD, (Japanese) Peking, China.
December 18th, 1919.

JAN 24 1920

BOYCOTTS

The Chinese Students, in making house to house visits to the stores for boycotting Japanese goods, overlook the fact that Japan-made commodities now command a very large and extensive demand in this city. In fact the stores are not few which sell nothing but Japan-made goods.

The Students, in making these house to house calls, accompany their visits with a threat that the failure to cease to deal in Japanese goods will be punished by burning or otherwise destroying those goods kept in the store.

The Japanese goods kept in Chinese stores represent Chinese capital invested, and, therefore, destruction of such goods is tantamount to destruction of Chinese capital.

The trade relations between China and Japan have now realized a very wonderful degree of development and in many kinds of commodities, for which there is a demand so strong and which are almost indispensable here, Japan is the sole supplier. Attempts have been made to replace those Japanese goods, but they have invariably proved futile. The Japanese manufactures, by years of experience, now know how to keep themselves alive to Chinese wants and requirements. There are many Chinese merchants who deal in no other goods than Japanese manufactures.

In the face of this fact, the demand, on the part of the Chinese students, that those of their own countrymen who make their living by the sale of Japanese goods must cease to offer them for sale, is another form of a wilful attempt to deprive these dealers of the means of support for themselves and their families. This point is sadly overlooked by the Chinese students who, as the saying goes, "recognize no mountain in their chase after the stgg." Excessive zeal has completely deprived them of the balance of judgment, and led them to act in a manner which would be the last for them to follow in their calmer moments, the more so when it is remembered that the students come from the educated classes in the majority of instances. It is highly deplorable that "those to whom China belongs in future" should permit themselves to fall victims to a mania which is not only injurious if not dangerous, in international relations, but also actually suicidal in its ultimate effect.

The remarks of The Outlook in its issue of October 29 condemn the printers on strike as "radical, revolutionary and false leaders of labour." It makes us feel that the action of the Chinese students above mentioned is not comparable to the printers whom the paper so vehemently condemns, for the student's action when successful, amounts to practical destruction of trade which is actually of national benefit to China.

In conclusion, it must be remembered that the Chinese merchants in Japan are being made to suffer heavy losses to satisfy the whim of a pack of irrepressible school-boys, whose teachers, apparently, have not the authority, even if they have the desire, to keep them under control.

2. Boards ar cards with such requests as "Don't Buy Japanese Goods", "Don't use Japanese Banknotes",etc. shall be ppsted at the entrances to every Hutung and along the streets.

FROM: THE NORTH CHINA STAR, Tientsin, China.
December. 21st, 1919.

"TODAY IS THE PEOPLE'S DAY"

Says Speaker at Nankai Mass-Meeting--300,000 Present, 50,000 Admitted to Enclosure-- Ten Cart-Loads Of Japanese Goods Burned-Parades Without Untowards Incident.

With between two and three hundred thousand people forced to stand outside, fifty thousand people were admitted to the giant enclosure constructed of mats on Nankai Field yesterday afternoon. Every individual entering at the two gates was scrutinized by sentries of the Merchants,Brigade, who were splendidly uniformed,and, with the assistance of the Boy Scouts, kept excellent order throughout.

Speaking began at 1.40 p.m.; Mr. Wang Lei-ming, Vice-speaker of the Assembly, acting as chairman. Mr. Pien Tueh-ting, President of the Chamber of Commerce, was the first speaker, his topic being "Independence and Liberty." A local paper, he stated, had announced that he was sick and could not attend, but he asked the audience if it was evident that he was on deck or not. The hope of China, he said, is to press the Japanese Boycott to the finish.

Senate's Resolution Commended

Mr. Hsia Chin-hsi, Secretary of the Chamber, followed, with the slogan: "Today is the People's Day." The purpose of the mass-meeting, he said, is to spur the people to independent thought and a sense of responsibility for their country. This is necessary, because the government is weak, and a dangerous crisis is upon the na-tion, which is a hairs-breadth from ruin. The determination of the American Senate to protect Chinese sovereignty in Tsingtao had produced results, and most fortunate at this time is the concurrance of Great Britain and France with the Senate's resolution. "Awaken!" he concluded, "Can we longer leave everything to the direction fo Japanese-controlled officials? Today the People express themselves!"

Mr. Keng Mei-hsien, of the local Bar Association, followed, with the question: "How comes a country?" There must first be a people, he said, then a government:the two working together make up a "country" in the morndern sense. But there is one part in the government which thinks to repress the people by military force. But the greater their strength, the greater the opposition induced to them. "Do you think they can suppress us?" concluded the speaker, and a great yell of "NO!" and a waving of flags answered him.

Mr. Meng Chen-hou, editor of the Tai Wu Shih Pao, was the last speaker. "Our mass-meeting, " said he,"is not to regulate Japan,or Japanese goods. We lost Korea and Formosa this our government did for us. We must first regulate ourselves. Many of us still engage in Japanese trade. There is one party in our government which thrives on Japanese money. See that cart of Japanese goods coming?" At this moment a horse-cart of Japanese goods escorted by students drove up to the enclosure, followed by ten cart-loads, rickshaws full and students' arms' full. An abrupt end was put to the speaking,while the crowd fell upon the goods and made an immense bonfire, smashing those which could not be burned. The goods consisted of cloth in bolts, porcelain, galvanized iron goods,

gloves, nosiery, soap, toys and notions.

Resolutions on Foochow

After the burning a proclamation containing the six resolutions of the mass-meeting relative to the Foochow incident was distributed. They are:

1. That the Foochow Japanese Consul-General be changed.
2. Demand for apology by the Japanese Minister in Peking.
3. Payment of Damages to Injured.
4. That Japanese in China be forbidden to bear arms.
5. Those guilty for the affair be punished.
6. The immediate removal of Japanese gunboats from Foochow.

The parade was then sent out, consisting of twenty-thousand people, who circled the old Chinese city on South, East and North Ma Lu, proceeding down Kuo Tin Chieh and Ku I shih Chieh to the East Gate, where they dispersed at 5 p.m. The order of the parade was: Boy Scouts, Bands, Pei Yang University, students of all other schools, Mercahnts by Guilds, numbering over ten, Catholic Church societies, Ten Men Groups, Christian Societies, Canton and Fokien Guilds, The People.

Evidently the pressing invitation of two days ago was heeded, as no Japanese were in evidence; neither did the gendarmes of General Yang I teh put in any appearance on the field or make any attempt to stop the parade. The goods burned at Nankai were those of merchants who refused to heed the exhortation to take Japanese goods off of display before yesterday. Four horse-cart loads of Japanese goods were delivered at the Chamber of Commerce by merchants yesterday according to the original plan of the Chamber not to burn such goods but to display them in some public place for sale, proceeds going to the merchants owing them. Further plans will be laid regarding this at a meeting of the Chamber this morning.

Business Suspended Half-Day

Practically all business in the Chinese City suspended hald day yesterday, notices being put out on the front of shops reading: "In reception of the People's mass-meeting, we close f for half day." In evidence of the patriotism of the Chinese merchants, the Chamber of Commerce estimates that the hald-day closing cost them $400,000 loss.

An incident of the day was the seizure and burning of some American cloth from a cloth store which was mistaken as Japanese goods. When pressed to make trouble for the students, the proprietors declared: We are in full sympathy with the movement, and would certainly not attack it over this mistake. The Students' Union is taking steps to make good the loss.

It is reported that two regiments of soldiers numbering several ten thousands of men were sent from Paoting to watch the trend of affairs in Tientsin yesterday. They detrained at Cha Chia Chuang, seven miles out, where trains were held in readiness to rush them into the city upon a moment's notice.

However, neither need nor excuse for their presence here arose. The universal opinion is that in Tientsin, which has heretofore been accused of being negligent by sister ports, the Boycott is now on.

EXECUTIVE DIVISION
MILITARY INTELLIGENCE BRANCH
In replying refer to

1766

WAR DEPARTMENT
OFFICE OF THE CHIEF OF STAFF
WASHINGTON.

1112

November 30, 1918.

MEMORANDUM FOR ~~THE ACTING DIRECTOR OF MILITARY INTELLIGENCE DIVISION.~~ Maj Cotten

Subject: Japanese-Chinese Relations at the Peace Conference.

1. The attached copy of a translation from a Chinese newspaper published October 31, 1918 in San Francisco, refers to a Japanese demand that China employ two Japanese officials as legal advisors to the Chinese representatives at the Peace Conference.

2. As the relations of Japan and America to China are likely to be a difficult problem to settle at the coming conference, it is suggested that this information, which may or may not be true, be transmitted to the State Department and to other officials to whom it would be of interest, for action.

BC.
BRUCE COTTEN,
Major, U. S. Army.

Better disseminate to the State Department
BC

mh

"JA PAN DEMANDS THAT CHINA USE JAPANESE AS HER LEGAL ADVISORS DURING THE PEACE CONFERENCE WHICH IS GOING TO BE HELD IN EUROPE.

According to our special telegram report yesterday, it states that Japan has demanded that China should employ two of the Japanese Foreign Affairs Commissioners to be the legal advisors to the Chinese representatives who are going to be sent to Europe to attend the Peace Conference. The fatal Japan! Her sole intention is to get control of our "right of speech" during the Conference so that she could carry out her selfish and harmful measures in China!

Should China yield to this demand, it means that Japan is going to share China's right of independence, in other words Japan plans to be recognized as a nation which is superior to China and the latter will be treated as a "Protectorate." After that, should China try to get away from under such a yoke she will no doubt find that she has already become "Korea the Second."

China is one of the Allies - so is Japan; China has done her best towards helping the Allies in spite of the fact that there has been a civil war between the South and the North and that the Department of Treasury has been empty. Altho' she hasn't been able to send any expeditionary force over to Europe, she has produced thousands and thousands of Chinese workers who are now digging the trenches, fortifying the cities, making ammunition as well as working on the farms "over there" and by so doing enable the English and French available for military services, to fight against the Huns. Is this not a "little" help to the Allies? China cannot help the Allies directly, but she has helped the Allies indirectly. We are not exaggerating when we say that China has done her share.

Now look at the Japanese! Taking advantage of the war, to suit her own selfish purposes! She knew that the Germans were unable to guard against them so she attacked Tsiga Tau (Kiau Chow) and took possession of it, controlling the whole Shangtung Province! She knew that it was "high time" to peek into Manchuria therefore she, with the pretext that Siberia was in turmoil, moved her troops into Manchuria, making her very best out of Manchuria with such an action! But when the Allies asked Japan to send her force to Europe all they could get was all sorts of excuses and refusals. Japan's theory was "What could the Allies do to us if I did not send my troops!"

The Allies know the difference between the actions taken up by both China and Japan. They know it by heart! Our "Right of Speaking" during the Peace Conference was promised by the Allies and now that Japanese think of grabbing it too!"

CD-WER-DAC

Source: Chung Sai Yet Po, Oct. 31, 1918, San Francisco, Cal.

mh

THE FAR EASTERN REVIEW
AN INTERNATIONAL MONTHLY
- - -
Geo. Bronson Rea,
Publisher
- - - -
Shanghai-Peking
Tokyo.

No. 8 West 87th Street, New York.

October 11, 1919.

Dear Mr. Secretary:

Under separate cover I am sending you a copy of my book "The Breakdown of American Diplomacy in the Far East". It is not for general circulation, being limited to an edition of 500 copies, of which I hope that not more than a hundred will be necessary to place this question before those whose opinion is worth while. Its object is to present the Chinese problem from what is the most important angle. The policies of all the other Powers in China find expression in their railway concessions, and these, in turn, are determined by strategical rather than commercial reasons.

The Key to the Chinese Puzzle is Russia, who, either operating alone, or through her French Ally or Belgian Agent, has always had before her the ultimate conquest of India and the subjugation of Japan. China has been her secret Ally, opening her doors willingly for the Bear to pass through. In throwing light on this phase of the problem, I hope to create a sentiment favorable to a modification of our present policy that will permit us to cooperate with Japan along certain lines in China, that will make for a permanent peace in the Pacific through diverting the Racial Issue into Central Asia, where it belongs.

There

There is no good reason why this nation should have to fight a war with Japan in order to consolidate Russia's hold upon vast territories she has stolen from the Yellow Men and needed for their expansion.

I have had to criticise the Consortium idea, as it cannot work out along the lines laid down, that is, by pooling the railways. As long as it confines its operations to administrative loans, it can succeed, and then only until Russia gets on her political feet again. With Russia on the outside, and with no assurance of her future attitude, and with the grave question of the extension of the Liaotung Lease unsettled, it seems to me like putting the cart before the horse to try and solve these problems through a Consortium based on the principles laid down in your invitation to the other Groups.

We cannot reasonably expect Japan to accept our ideas, and I foresaw in Paris that the plan would be rejected by the military party, who have refused to permit Inner Mongolia and Manchuria to be placed in the scope of the Consortium. And, Mr. Secretary, every argument of right and justice is on their side. Our attitude is tantamount to handing them a silken cord and asking them to use it. Great Britain is willing enough to enter, as our entrance into the Yangtsze Valley constitutes an additional reinforcement to her position in India. The Internationalization of the Yangtsze Valley lines become the complement of the Persian Treaty which protects India on the West, and, if we take over the Mandate for Armenia, we will have to with-

stand

stand the first onward move of the Bear in that section. As for France, she has nothing to lose by entering the Consortium. The French Group would have to cooperate with its old partners in the Hukuang Loan, and in its 45 percent participation in the shares of the British official company for lines north of the Yangtsze River, the Chinese Central Railways, Limited. The only French political line that counts and which should be brought under the Consortium will not be pooled. The Yenchow-Yunna-Chungking concession held by the Banque Industrielle de Chine will stay on the outside. It is the essential link in the old dream of a through line connecting Russia on the north with her French Ally on the south.

It is wrong for us to criticise Japan under the circumstances for protecting her vital interests. Instead, it would seem to me wise and prudent to find some way to help her so that it will solve the greater issue that some day will arise in the Pacific unless we formulate some definite and fixed policy now to divert it into Asia where it belongs.

I have had to criticise the administration in my book, for an apparent lack of policy in China, or rather, as I see it, one policy in Washington and another in Peking. One part of the Government doing its best to safe guard the highest interests of the nation, and the other part, the subordinate end, insisting on playing the Chinese game by creating issues with the other Powers. It is for this reason that I left China. When the inside clique in the Yuan regime conspired to embroil this nation with the Four Allies at the same time over the

issue

issue of the Open Door when they were fighting for their existence with the Central Powers, and Minister Reinsch, rejecting all advice, concealed the facts from the State Department for over four months, or, until the issue was definitely raised, I considered it then, as I do now, a contemptible German trick. It became impossible for me to continue in China and defend our policy under such leadership. After explaining the situation in person to yourself, I entered the army, refusing the post of attache offered me by the Intelligence Division, at Peking, to accept one in Madrid.

When I arrived in Paris last January to obtain my discharge from the army, I was amazed to learn from Mr. Williams, Dr. Hornbeck and the Chinese that the American Delegation would concentrate their fire on the Shantung question. I pointed out to them all, that this was only an insignificant phase of the general problem and they would be defeated. The answer was, that they had to concentrate on some one, and it must be Japan. My mind went back to that morning in May 1915, when you outlined to me the policy of the Government in regard to these Far Eastern issues, and the determination of the Department to wait until the Peace Conference, or a special international convention to be called for the express purpose of settling once for all these Chinese matters. It was a wise policy, one that the nation approved, and, notwithstanding differences of opinion on other matters would support to a man. There is no good reason why these matters should become the sole concern of the United States and so keep this nation in a constant squabble with the other Powers over a nation who will not do anything to help herself. I ask

you

you to turn to page 70 of the book, where you will find this policy outlined to me, reiterated and emphasized in 1916.

It seems to me Mr. Secretary, that if this policy had been adhered to at the Peace Conference we would not now have had to face this unsavory mess over Shantung. How much easier it would have been for our Delegation to have informed the other Powers, that the Shantung question being only a small part of the general problem of China, that the United States would only discuss it at a special convention for the purpose of settling the affairs of China, and in the meantime, the German rights should be taken over by the Allies in the Treaty, leaving Japan in possession as Trustee. It seems to me that China would have been satisfied, Japan would have had to accept, we would have lived up to our traditional policy, and the administration would have fulfilled its promises to the nation. I cannot conceive that this step was taken at your advice, preferring to believe that the Shantung question was directed by the "experts" attached to the Delegation.

When the decision goes against us at Paris, we find the "experts" hurrying here to Washington in order to break the treaty through the Senate. If I am right in my surmise, then this was the height of impudence on their part. Mr. Millard testified that the "experts" unanimously declared in Paris, on learning of the decision, that "this means War" and then, in the September number of "Asia" (the official organ of the American Asiatic Association) he places these words in the mouth of Mr. Williams, thus making them official. In addition, we find that Mr. Millard's assistant and associate (Mr. J. B. Powell) acting

as

as Secretary of the American Chamber of Commerce of China is distributing circular letters to firms in this country appealing to them to request their Congressmen and Senators to demand from the State Department the official reports on the intrigues and aggressions of Japan in China. And to cap the climax, we have Minister Reinsch arriving here as the special counsel of the Chinese Government at a salary of $20,000 per year to reside in Washington to look out for their interests. Then we have "Asia" publishing a symposium of articles against Japan, which in connection with their advertisement saying Shantung is the Alsace Lorraine of China and may herald an epoch of war, all seems to be part of a general campaign to widen the breach between this nation and Japan, in order that the agents of the Chinese Government may "make good" their mistakes in Paris. In other words, we have reached the limit in these Chinese intrigues to pit this nation against Japan. I saw clearly three years ago, the way things were going, and refused then to carry on a campaign which I clearly saw would only lead to trouble.

For my refusal to lend myself to these moves, I have been penalized by the Chinese and by the Americans interested in this campaign, It has been difficult for me to tell my story in any other way, so I have had to publish the book I am sending you. The story is only half told. I am perhaps the only American who can explain these railway intrigues that lie at the root of China's troubles, which, by reason of the corruption of her officials, has compelled the other Powers to defend their

territories

territories against the moves of Russia.

I remain

Respectfully,

GEO. BRONSON REA

Hon. Robert Lansing,
Secretary of State,
Washington.

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
MAR 11 1921
1766-511
46
WAR DEPARTMENT
50

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
PEKING.

Number of copies 3

Copy No. 1

February 7, 1921.

MAR 16 1921
NOTED

Brigadier General Dennis Nolan,
Director of Military Intelligence Division,
Washington, D. C.

Dear General:

Enclosed please find a letter that Mr. George Bronson Rea asked to be forwarded to you, stating that he knew you personally and that he would like to give you an idea of what he, Rea, considers the situation here to be.

As you will see, if you take the trouble to read the letter at all, it is nothing more or less than an attempt to justify his recent reversal of policy regarding the Japanese question in his Journal, the Far Eastern Review.

I should not have troubled you with the letter at all but for the fact that I considered it possible that he had already mailed you the original, as you see he handed me the duplicate. The letter is very long and not worth sending in triplicate.

Briefly, all of Rea's old friends are refusing to even see him and his editor, Patrick Gallagher, was blackballed at the American Club at Shanghai. I have had many talks about Rea and it is the belief here, even among, or rather especially among the people who know him the best, that Rea is a cold blooded, unscrupulous calculating individual who did not hesitate to change the policy of his paper either for a direct bribe in money from the Japanese or from a bribe in the form of advertising, and Rea has practically admitted as much to me in conversations we have had.

General, the idea of practically every American in the East is that our press should continue to discredit that element in Japan, the Militarists and others advocating aggressive policies that make for war. Intelligent people realize what a tremendous power the press can exert, and the Japanese more than most other people dislike publicity.

By constantly publishing facts tending to discredit the Militarists in Japan, the reaction in Japan will be to

Much Appreciated

strengthen the liberal element there and permit that element to exercise more control of governmental affairs. This propaganda, or rather statement of facts in the press will also tend to make the nations of the world unfriendly to Japan, at least in public opinion, in case any country is forced into a war with her.

The mission of the Press in the opinion of people here is to discredit the Militarists of Japan as much as possible and strengthen the liberal element there. We believe that such publicity will tend to prevent rather than induce a war, but that in case war is inevitable we have the moral support of the world.

But in no case should Americans, journalists or otherwise retract from our position of demanding our legal and moral rights anywhere. To retract from our legal rights in China or elsewhere on account of some threatened war would not seem to be American.

My compliments on your selection as Director of Military Intelligence and sincere personal regards,

Respectfully,

W. S. Hopkins

Major, Infantry,
Military Attache.

1 Inc. attached

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1921 1766-511
45
WAR DEPARTMENT
MAR 11

Peking, February 1st, 1921

Brigadier General D.Nolan,
Chief, Military Intelligence Division,
Washington.

Dear General;

Before I left Headquarters for Spain, you asked me to keep you personally informed on conditions in that country. This I tried to do as far as it was compatible with the ideas of my superior officer on sumh matters, which were not very broad. Conditions in the Far East, especially as regards my personal position and viewpoint warrants me in again placing before you my personal views on the situation here. For many years as you know, I have been a most ardent defender of China and especially of our own policy in this part of the world. As a matter of fact, I led the way, carrying on the fight and supplying the arguments, when there were no American interests of consequence in China to defend, simply as a matter of principle. However, there was always a limit to my espousal of China's cause, and that was reached when I became convinced that the trend of her diplomacy, ex intrigues, or stupidity, indicated an effort to embroil us in actual war with Japan.

In 1915, when the Japanese Demands were presented to Yuan Shih-kai, the Chinese, in their extremity, called upon my partner and editor (Mr. W.H.Donald) then residing in Peking, to take up their side of the case in the public press and agreed mix to pay him the sum of $2,000 mexicam per month. I was always opposed on general principles to engaging in propaganda work for a foreign government in return for a direct monetary consideration, but I assented to this arrangement only after a full and frank conversation with Minister Reinsch, who assured me that I was acting rightly and in full accord with American policy. With this assurance, I carried the fight home and over my own signature stood the brunt of the campaign and swung public opinion around in favor of China. I drew upon myself the concentrated fire of every friend of Japan in the United States and lost many old personal friends and business connections for this attack upon her policy.

3

At the height of these negotiations, or when Japan present-

3 ed her ultimatum to China, I received in Washington an urgent cablegram from Peking requesting me to see the Secretary of State and place all the facts before him and try to get an assurance that the American Government would call an international convention at the termination of the European war in which the status of China and the rights of all nations to equal opportunity would be defined for all time. My conversation with Mr. Lansing told me in plain words that the woeful state of military unpreparedness prohibited our government from making a direct protest, as we could not support it and stood in danger of being humiliated if we did. This short conversation, sharp and to the point, convinced me that I had gone as far as any patriotic American could safely go in defending the interests of China, without endangering the peace of America and complicating the general situation.

4 However, Mr. Lansing frankly informed me, and gave me permission to transmit the information to the Chinese Minister that the American Government had decided upon a policy that would await the termination of the war, and then either at the Peace Conference or a separate international convention to be called for the purpose, to have the whole case of China brought up, so that her status could be clearly defined, in other words, a new international convention for a reaffirmation of their adherence to the principles of the Open Door. This, in effect was exactly what the Chinese Government had asked for, and it was duly grateful for this, when the information was cabled to Peking through the Chinese Minister. I could go no further in the defense of China.

5 The conversation brought forcibly home to me that as long as our general military establishment remained on the old basis, we could get nowhere with any policy, so I then devoted my efforts to help along the campaign for preparedness initiated shortly afterwards by General Wood and Roosevelt. In doing so, I callously ignored established journalistic ethics, by drawing up a most one-sided indictment of Japan, under the ~~title~~ title of "Japan's Place in the Sun" which, in effect was ~~a~~ a legitimate answer to similar monographs from their own fingers, and a very earnest plea for American preparedness. This was give wide publicity, and undoubtedly helped to arouse the nation to the need for military preparedness. ~~Frankly~~ Frankly, it was an unfair advantage to take of Japan, but at the time, with the President a confirmed pacifist and opposing the Secretary of War and the General Staff for any increase in the army and navy, the end seemed to justify the means. General Wood and General Scott, then Chief of Staff, were highly appreciative of my efforts to arouse the nation. Colonel Roosevelt, however, very frankly told me at his office in New York, that I was wrong in thus helping to create enmity against a friendly nation. He was so severely critical, that it hurt. It was the first time in my life that I ever received a real "dressing down" for my work in behalf of China, by attacking Japan.

6 It is perhaps superfluous for me to add, that ever since the days of Santiago, I have always been a great admirer and follower of

the Colonel,and his severe condemnation of my tactics made a deep impression. In addition to this,every friend of Japan in America came to the front and attacked me in the public press. I was under fire from all sides and heavily penalized by important business interests for opposing their proposition to cooperate with Japan.

7 For many years,I had received the cordial support of the American Group and Judge Gary and others,yet when they all supported Baron Shibusawa's plea for cooperation in the latter part of 1917,I was the sole champion of China that came out and denounced the idea as inimical to her interests.For the sake of the principle,I estranged my best friends. Later on it almost cost me my business.

8 At this juncture,when I was in the middle of this fight for China,President Yuan died,and I returned to China,to find that the new government had repudiated its obligation with Mr.Donald,and refused to reimburse us for actual moneys expended. It hurt at the time,but had no influence on my viewpoint,as ingratitude is characteristic of the Chinese. I became more and more convinced that the Chinese were trying to create a situation that would compel us to come to their armed assistance in defense of the Open Door policy.This conclusion was forced upon me by my knowledge of the inside of the Grand Canal and Sino-Savoy Railway contracts,which,in effect,raised the issue of the Open Door simultaneously with the Four Allies when they were fighting for their existence in Europe. I saw them that these contracts would align all the Powers against us and so make more difficult any solution. In fact, I was severely critical of the policy pursued by Minister Reinsch, which at the time ,seemed to have all the ear-marks of a deliberate attempt to create a situation in favor of Germany. I could not support such a policy,and frankly told him so,and later on,explained the facts surrounding the situation to Secretary Lansing,who personally informed me that the State Department had been maintained in complete ignorance of the existence of these contracts,until the time arrived to face the protests of the other Powers.

9 In the meantime,the State Department had placed on record in the public press,its determination to await the termination of the war before taking up these Far Eastern issues,and then at the Peace Conference or at a separate convention to be called for the purpose,to have the whole question of China settled. Twice within three months,was this policy given out for publication,thus reiterating and emphasizing what Mr.Lansing had confided to me in 1915. I naturally assumed that the administration would live up to these promises.

10 All through the progress of the war,I was opposed to the policy pursued by Minister Reinsch in China,especially in dragging China into the war.I saw then,that it could only result in a strengthening of the Northern Military Party,and the defeat of Democracy as represented by the Southern leaders. I placed my views before the President in a letter dated May 30,1917,and two days later,he sent the Note to the President of China urging him to arrive at a settlement of internal differ-

ences forthwith,adding that China's entrance into the war on the side of the Allies was a secondary consideration to the establishment of domestic peace in China. Naturally,such views,so entirely out of harmony with the policy pursued by Minister Reinsch, could only result in winning for me his enmity and illwill. Notwithstanding all these legitimate points for criticism,I loyally refrained from commenting publicly or in the press on these mistakes,so as not to embarrass the administration in the middle of a world war.I entered the army,and in doing so, placed myself in a position where criticism was impossible.

11 Colonel Van Deman or Major Ahearn will tell you,that when I suggested entering the Intelligence Division,Colonel Van Deman,(then in charge in Washington),suggested that I be sent to Peking or Spain, but I told him frankly that I could not work in harmony with or be loyal to Minister Reinsch,and requested to be sent to Spain. I mention these matters,so you will understand that I have been perfectly frank and honest in my opposition to the policy pursued by the administration in China.

12 It was a bitter disappointment to me,that the Department disapproved of your application to have me transferred to Headquarters after the Armistice for Far Eastern duty,and at the time,I could not help but feeling that other influences than those given were responsible for this refusal to comply with your wishes. I found on arriving in Paris for my discharge,that the entire American Delegation and the Chinese had formulated a policy to concentrate their fire upon Japan in the Peace negotiations on the matter of Shantung.I was amazed and very frankly told them so,as it was a complete volte face from the policy that had been so widely advertised in favor of an international convention in which the whole case of China could be presented. I urged, as far as I could,that the original program be adhered to,and that the German rights in Shantung be surrendered to the Allies in the Treaty, leaving Japan or some other Power as Trustee,until such time as all the interested nations could come together for a final adjustment of the complex Chinese mess problem. I was laughed at,and became almost unpopular for there holding this view against the combined ideas of the Chinese and Americans.

13 It was not until that defeat was certain,that Mr.Lansing swung around to the above proposition and laid it before the Committee of Five,where it was voted down by Mr.Balfour and Baron Makino. I had the satisfaction of being told by Mr.C.T.Wang,after it was all over,that if the Chinese had it all to do over again,they would have done it my way. Now,it seemed to me that this defeat was due largely to the influence of our delegates who advised and led the Chinese in every move they made,and when Mr.Millard,acting in their behalf,loudly proclaimed before the Senate Committee that,"this means war",and placed the words at in the mouth of Mr.Williams,and made them official,it seemed to me like a lot of discredited and defeated politicians,who to save their face with their Chinese friends,(and employers),were willing to drag the nation into a war with Japan.

14 Now during the progress of the Peace Conference, I was there as an adviser to the Chinese Technical Delegation assisting it in formulating a railway plan that would be acceptable to the new Consortium then in process of organization. I had many opportunities to get on the inside of the situation and acquire new information. Much light was shed on the Far Eastern problem by the publication of new information. Dillon's book on the "Eclipse of Russia" appeared with its illuminating disclosures about the origin of the Kiaochau incident, and Sazonoff's disclosure of the Li-Lobanoff secret treaty of alliance between Russia and Japan completely changed the situation. It seemed to me that we turned a corner at Paris, and we had to learn approach these questions from a new angle. I was shown all the documents exchanged in regard to the formation of the new Consortium, and realized that if it was to be a success there must be a complete understanding between Japan and America, the only two wealthy nations who had the money to carry out the plans.

15 This was basic. It decided me on a change of policy, and when I said Good Bye to my Chinese friends, I told them frankly, that I intended to do everything possible to bring about cordial relations between Japan and America, in order that their country could be brought out of chaos through the financial help of Japan and America. Unless there was complete harmony and understanding between these two countries, China could obtain no money from abroad, and it seemed to me that the political and industrial reconstruction of China was more important at this time than fighting about ideals. My Chinese friends were forced to confess that I was right, as it would be impossible to raise large loans in America for investment in China, if the Far East was maintained under a constant war cloud. At the same time, I said Good Bye to Mr. Odagiri, head of the Japanese Group, and an old friend of many years. He expressed to me the cordial desire of his Group to work in complete harmony with the American Group in aiding China, and asked me, as the owner of the leading American paper in the Orient, to lend my influence towards bringing about better relations between Japan and America, with especial reference to cooperation in China. I promised Mr. Odagiri that I would do all in my power to forward such a worthy object. I might point out that the best friend that I had in Japan, and who had materially assisted me in the past to obtain legitimate advertising support to my paper, was Mr. Inouye, then President of the Yokohama Specie Bank and now Governor of the Bank of Japan. In 1917, he went out of his way to assist my editor and partner, Mr. Donald, to interest Japanese firms in the Review, for the sole purpose of encouraging a campaign that would bring China and Japan closer together. When I last saw him in 1916, he was very anxious that I should assist in the campaign that was then under way to bring about cooperation between Japan and America in China, but which, at that time, I could not see my way clear to do and remain consistent with my ideas as to justice to China. It is necessary for me to refer to this incident, as later on you will see that I was heavily penalized for my stand on this question.

16 On my return to New York, I found on going over the situation with many of my friends in Wall Street, that there was also a sincere

desire to find some way to cooperate with Japan in China, but the idea was still in what may be called an embryonics state. Judge Gary and many others of my oldest supporters were heartily in favor of this, and I was given to understand by Mr. Martin Egan, also an old frind, that he and Willard Straight had two years previous, drawn up a memorandum showing how this cooperation could be worked out in practice, and that it had received the approval of J.P. Morgan & Company. I knew that Kuhn, Loeb & Company were also in favor of Japanese cooperation. It was impressed upon me on all sides that conditions had changed with the war. Sixty five of the largest Japanese firms had established themselves in New York and were doing an immense business with our manufacturers direct. I found that several of my old friends had withdrawn their support to my paper because of its pronounced anti-Japanese views. I may mention, also that my paper was almost placed on the British Black List during the war, because of its attacks upon the "Honorable Ally", and many British manufacturers positively refused to have their ads appear in the paper for that reason, even after having paid for them in advance.

17 Owing to my refusal to sell my publication to Mr. Garey and Mr. Straight in 1917, and my criticisms of their railway contract, and also to my refusal to take up the campaign for cooperation with Japan, Mr. Straight raised the money for transforming the organ of the American Asiatic Association into a popular monthly, in order to educate the investing public to their way of thinking. I had worked in close harmony with Mr. Straight for ten years, and he well knew that my ambition was to start an American edition of the Review when the time was opportune, and with his support. My refusal to see things from his viewpoint, together with my refusal to sell my publication at his price, was the motive behind the starting of "Asia", into which Mr. Straight and his estate, together with his financial friends have sunk, according to current gossip, over $300,000.

18 While I was in the army, Mr. Fleischer, the owner of the "Japan Advertiser", who was fully aquainted with my conversations with Mr. Inouye in 1916, took advantage of the opening and approached the Japanese for support to a new publication that would help bring about cooperation. After he had them lined up, he came to New York and saw Judge Gary and others, appealing to them on the same basis, I am informed. The outcome of this was the apparance of the "Trans Pacific", a competitive magazine, with the solid support of all the leading financial houses and manufacturers interested in Far Eastern trade. When I left the army and arrived back home to take up the tangled threads of my business, I was confronted by the above powerful competition backed by the best interests in America, to bring about better relations with Japan and promote cooperation. The Far Eastern Review, which had paved the way and carried the brunt of the fight was almost bankrupt.

19 So aside from the basic element in the situation, which called for this cooperation, if the Consortium was to be a sucess, I entered the purely commercial end of the publication business. I had been heavily penalized for my refusal to harmonise my policy with that of the leading financial interests of the country, and was on the outside.

I knew perfectly well that I had to make a choice, either to
20 accept the policy of Americans in China who were determined to continue the agitation against Japan, or come out squarely and stand with the element at home who were earnestly working to bring about cordial relations. The highest interests of the nation seemed to me to demand that I adhere to the latter policy and throw my efforts towards a peaceful solution to the Far Eastern problems. This, explains my sincerious change of front.

Later on, when I arrived in Japan in July of last year, I found
21 amongst the business element the same keen desire to work in harmony with America. The bankers had imposed their views on the government and brought Japan unconditionally into the Consortium, and they were most frank in impressing upon me that they wished to do away with all possible sources of friction in China over rights and concessions. I had sufficient proof that these broad minded Japanese business men were expressing their real sentiments, and my determination was strengthened to do all in my power to assist them in this commendable program. Whatver support I have received in Japan, has been honorable and legitimate, and comes from this business element who have continued their advertising in the Far Eastern Review, and for which they are paying me the current advertising rates of my paper. Nothing more, nothing less. I may point out, that three years ago, when Mr. Donald, my editor went to Japan, he obtained about 25 pages of advertising. Most of this was discontinued because of inattention, and failure to give their activities due publicity. I have simply recovered my lost business, and as far as possible, intend to hold it by living up to the fundamental requirements of the publishing business, in giving them value received, and in presenting their side of the case, ~~misfortunes~~

We are at the cross roads. We can make a friend of Japan, or
22 we can make an enemy of her and drive her into the arms of Russia and perhaps Germany. Japan wants and desires above all things, the friendship of the United States. Certain Jingoes may yell for war, the same as their prototypes do in our country, but the sound, solid, common sense of the nation, the business men, financiers and those who stand to lose millions believe that war between the two countries is "unthinkable".

In pre-war days when I so severely criticised Japan, I had
23 never lived in the country. In common with most other editors, I had to gather my impressions from the foreign papers published in Japan, and much of my information was gleaned from the "Japan Chronicle", published in Kobe. It took me but a short time in Japan to sense the fundamental trouble with arriving at the truth about things in that country. With hardly an exception, the foreign newspapers published in Japan, are strongly anti-Japanese, or without any backbone to present her side of the case. The most rabidly anti-Japanese newspaper in the world is the Japan Chronicle. It could not carry on the same policy in any other country. It exists, despite the much criticized press laws of Japan. The Japan Advertiser while an excellent newspaper, is neutral and at times very weak. The other foreign papers in Japan carry little weight outside of the ~~treaty~~ ports in which they are published.

24 Notwithstanding the current ideas about Japan's wonderful publicity organization, I am frank to say that I could find no evidence of its working efficiently. I found a nation of 60,000,000 people, one of the great world Powers, without any adequate means of presenting its side of the case, so that we could understand its problems. It seemed to me, that the first step towards an amicable adjustment of outstanding questions, was to present the side of Japan. This I have tried to do as fairly as possible. I cannot subscribe to the doctrine, that if we are to have trouble with Japan, it is the duty of Americans to help blacken her character, at least when there is absolutely no good or justifiable reason why we could fight each other. I believe the cause of peace and good understanding will be greatly advanced if these reasons for some of Japan's moves are made clear. If we are going to have trouble, then we should know what it is all about beforehand, and not wait until we get into a scrap, to make a postmorten examination of the causes. As I can see no good reason why there should be trouble, I belive that every effort should be made to clarify the situation by publishing the other side of the case.

25 I cannot see where this policy is unpatriotic or opposed to the best interests of the nation. I am convinced that Japan has made many mistakes. She will undoubtedly continue to make them. She has been extremely unfortunate ~~unfortunate~~ in her policy towards China, and without exception, most foreigners in the country are opposed to her, and I am frank to say that most of the ill feeling dates from the Shantung decision in Paris, something which could have been avoided had our Delegation lived up to its promises.

26 I knew beforehand that a deliberate attempt would be made to create an issue between the United States and Japan just as soon as the Peace was signed. I was warned by my editor, Mr. Donald (a British subject) that the Americans and British, especially the latter in North China, were compiling a list of all of Japan's activities in China during the war, and that a huge indictment would be published from the official records at an opportune time. I knew enough of the situation from information gleaned in Paris, that certain British interests would welcome a war between Japan and America, for if this could be brought about, all the wealth that had come to us as a result of the war would return to Great Britain and France. There is no doubt that such a feeling exists in certain quarters. Japan and America are the only countries that have come through the war with profit. The point needs no stressing. I refuse to ~~permit myself~~ aid such a campaign that can only result in making America the "goat". Nothing would suit this element better than to see trouble between America and Japan. The British merchant in the Far East, has been compelled to sit idle while Americans have walked in and taken over his trade during the war. He had nothing to deliver. I have no doubt that some of them would welcome a situation that would restore their old supremacy. I firmly believe that this is at the bottom of most of the rabid-anti Japanese talk in the British papers in the Far East, which make and sway public opinion here. It is a difficult thing to combat British propaganda in the Orient. It can't be done.

27 On the other hand there is an equally influential group of American firms in China,whose business has been built up on an anti-Japanese basis and appealing to the Chinese along these lines. These firms are the most rabid,bitter enemies of Japan,and are lavish in their denial for our,for instance,Mr.Sprague,agent of the Standard Oil Company,very frankly told me that "the time had arrived when Japan had to be crushed before she got any stronger,and we had to do it". I found the sentiment expressed in various ways by other equally good Americans,and even a lady,she by the way,is belongs to the aristocracy of Plymouth,and is the wife of Mr.Hume,assistant editor of Millard's Review,flatly rejected my remark that there was no reason why the United States should be the "goat" for Europe in this matter,"Well we have been the goat so often that we ought to be it once more".In fact,the American element ,more consciously or unconsciously,is lending itself to this campaign that can only lead to trouble.

28 In attempting to analyse this sentiment,we must go back to the time during the war when Minister Reinsch and his followers dictated American policy in China, and to disagree with them on any subject knew most discommodious. Reinsch brought back into the Chinese field the two most rabid anti-Japanese writers,Carl Crow and Millard,and had them conducting the American propaganda work in China.Millard had been discredited by the British community through his pro-German editorials at the outset of the war,and was compelled to hand over his paper,and depart. Since the time I entered the army and was safe on the other side, Millard started his new publication,"Millard's Review" and I am informed that his first appeal for business was on the basis that I had sold out to the British,and the Review was no longer an American paper, and that American firms should therefore support his new venture as it from the only almost-pure American publication in the Orient. I am satisfied with my talks with old friends in New York and the reports of my agents that this is true.When he arrived in China,this report was insidiously circulated amongst American firms in order to divert my business to his new venture,and came to the notice of the Commercial Attache,who incorporated it in an official report which was published by the Department of Commerce in January 1919,at the height of the export boom. This,of course,made it official and effectively killed the usefulness of the Review amongst American concerns,not only in China,but at home.All this was simply part of a campaign to ruin the Review,while I was in the army and to prevent any of the American propaganda funds being expended through our office.This naturally concentrated American propaganda in China in the hands of Mr.Crow and Mr.Millard and his new weekly,and boosted them as the most real exponents of our policy.

29 In the development of this underhand petty newspaper conspiracy to ruin the Review,Mr.Powell,the editor of Millard's Review, worked himself into an influential position as secretary of the American Chamber of Commerce of China. When this body was first organised,I was away, but my assistant editor,took over the work of secretary and did it without remuneration because they had no funds to pay for this.I found my

office,on my return,littered with the correspondence and literature of the Chamber and a large part of my address that taken up in looking to the entertainment,I felt that even though I could not attend it,it was up to me to entertain this part of the Union,and I consented to the arrangement. It was perhaps,unfortunate,that my enthusiasm with the Chamber should be dimmed,and we had to let him go and he also had to get out of the country. During this time,there was an other American publication in the field,and therefore there was no competition,for sure fact however,that the Review was to all purposes the official organ of the American Chamber inspired it with other considerations. At this juncture,Mr.Powell,of Millard's Review stepped into the breach and took over the work of the American Chamber,and as American firms were entering the field in large numbers,even without it up to an important point him. All this was positively proper and commendable.The undesirable part was that Mr.Powell,an editor of Millard's Review,ostensibly performed the anti-Japanese views of the owner of the paper,dominated the anti-Japanese business element ,because of which the importance of their communities dominated the committee,with the exception of the Standard Oil Company as president,Mr.Powell Miller,wife son of, and representative of his father's concern,the Asiatic Petrol Company,and Mr.E.E.Powell,vice president of Andersen, Meyer Company.This combination with Mr.Powell,as the representative of Mr.Millard and secretary of the Chamber,dominated to a large extent the policy of the Chamber. When Mr.Millard was loudly praying for war over the Hankow question, the Chamber,through Mr.Powell,was circularizing the firms at home to call upon their congressmen and senators to demand from the State Department all the confidential reports about Japan's activities in China during the war and have them rushed into the record,and at the same time, the American Chamber of Commerce in Tientsin,through its secretary, Mr.Evans, was also making a circular appeal to American firms at home, which in effect,said that "only through armed assistance could China be saved from Japan". In other words,all the evidence pointed to a concerted move on the part of all anti-Japanese elements in China,to scrap the United States into war with Japan on a wave of sympathy for China,and to back up and the errors of the defeated delegates at Paris. I am given to understand that many of these so-called secret reports about Japan, emanated from Millard and the very clique that were loudly calling for their publication.

30 While on this subject I may as well be thorough.I do not believe that the heads of the Standard Oil Company in New York are in complete accord with the policy of their ex-manager,Mr.Sprague,though I am given to understand that the new agent,Mr.Atkinson,is also most anti-Japanese.It certainly can do no good for this corporation to be mixed up in all the questions that throughout the world,that calls for war with other countries. As for the Dollar Company,there is no doubt that Captain Dollar is one of the most lovable and successful merchants of our Pacific Coast. But the Dollar company is out for business first. Despite the fact that it is foremost in its demands for protection at the hands of our government,it plays safe and is enabled to beat our shipping

regulations,by selling the ships under the British flag.Captain Heller
[illegible] to the sentiment of the Chinese in business
[illegible] was also the first to drop Chinese pig
[illegible] by looking it at Shanghai on bulletin
[illegible] for his ships. It is also at the present time
dumping [illegible] Steamships in competition in the business
of the Heller Company. They are [illegible] conscious of public opinion made by
Captain Heller,and he always [illegible] in his entire career to secure his
millions. [illegible] ship was gone out". This is his
slogan. I have pointed out in an article on Shanghai to be published in
[illegible] that if he had a little more [illegible] and was willing
to fight it out,he could succeed in Tsingtao and Dairen,in the same way
that the British firms of Jardine,Matheson and Butterfield & Swire,
have [illegible] and won out. The Heller Company are rapidly exhi-
[illegible] my fourth article in March of last year,the Captain wrote
me frankly,that he recommended to his firm and others,that all American
shipping should be withdrawn from the Far Eastern [illegible],for ship-
ping competition with Japan. I have that letter. He had just returned
to Australia from Shanghai,filled with the ideas absorbed from his own
and others. So much for this concern.

31 The [illegible] history of the anti-Japanese movement,as far as it
is [illegible] the Russo-Brazilian-American concern of Andersen,Meyer
& [illegible] course,it is an American concern, a subsidiary of the
Pacific [illegible] Company,with the backing of our most powerful finan-
cial interests. The history in brief of this concern,as far as I am
interested in this.For several years,while I was hobbling through the
columns of the Review and against existing practices in China which
discriminated against American [illegible],there were no American engineer-
ing firms on the ground.All our business was being handled by German
and British concerns.I was frequently called upon by manufacturers at
home to recommend to them some firms to act as their agents,and was for
some years supplied to indiscriminate European firms. At this juncture ,the
little [illegible] Russian firm of Andersen,Meyer & Company obtained some Ameri-
can engineering agencies in conjunction with Weston,Daniel & Company,
and I them invariably recommended to our manufacturers that they place
their business through this combination,as [illegible] could never be a
serious competitor to us. Along about 1910,Mr.Meyer called on in his
office and laid his books before me showing the amount of his business
and asked me to assist him in obtaining the financial support of J.P.
Morgan & Company through Willard Straight.I was then on my way to
New York,and when I saw Straight,highly recommended that they get be-
hind this concern and make it the representative American engineering
company in China. From the fact that American money through Straight
was subsequently interested in this company,I have reason to believe
that my recommendations had some weight.

32 In 1908,there was a great speculative movement on in Shang-
hai,or what is referred to as the Rubber Boom,in which time many new

companies were promoted and floated with immense profits to the promoters.Foremost amongst the many groups of promoters,there was a little combination,in which Mr.Meyer,(of Anderson,Meyer & Company),Mr.Hugo Reiss,a Brazilian and Mr.Spielman,agent of the Russo-Chinese Bank were said to together. Although as I remember well,there was nothing that could be attacked legally in their open claims,the general impression was that some of the deals were decidedly shady.As a matter of fact,Mr.Spielman suddenly severed his connection with the Russo-Chinese Bank,and although no publicity was given to the matter,it was current gossip that he had been ordered to get out over night by a telegram from the head bank at St.Petersburg for speculating on his private account with the bank's funds. I do not recall at this moment just what accusations were circulated against Mr.Reiss,but I do recall that he was very closely connected with Mr.Spielman,and when I joined Mr.Sun Yat-sen as his adviser in 1912,I found that Reiss and Spielman had him tied up to organize a great bank for the issuance of bank notes &c and to finance his railway scheme.The bank notes had already been printed,as I saw a set of them in Mr.Sun's office. In fact Mr.Sun had rented offices in the building owned by Mr.Reiss,whose offices were on a lower floor. When I fully realized the connection between Mr.Sun and Spielman and Reiss, I saw at once that he had fallen into the hands of unscrupulous financial,adventurers,and because of the story of Mr.Spielman's dismissal from the Russo-Chinese Bank and the connection with Reiss,I refused to have anything further to do with Mr.Sun.My partner and editor,Mr. Donald,promptly placed our resignations in the hands of Mr.Sun ,and told him squarely that we would have nothing whatever to do with his railway scheme as long as he was compromised to this combination to find the finances for it.After a long time,Mr.Sun finally assured us on his word of honor,that these gentlemen had nothing whatever to do with the railway scheme,and we consented to remain with him.Of course,Mr. Reiss was fully informed of our stand,and thereby incurred his bitter enmity.

33 Now it appears that as years passed and these rubber properties developed,there was more or less manipulation of shares.All these Reiss,Spielman,Meyer companies were all incorporated under the Hongkong Ordinances as British companies,with Mr. Reiss,a Brazilian acting in most cases as Chairman of the Board and Managing Director,positions, which I understand are incompatible with the usual procedure. At any rate,it is claimed that on various occasions complaints were made to the British authorities over the management of these companies,and Mr.Reiss was several times called upon to come to the British court and explain. This he refused to do,because of his Brazilian citizenship,and as he also acted as Brazilian consul,there was no way to get at him. This, I am confidentially informed by intimate friends of his,was the underlying reason why the British authorities last year amended the Hongkong companies laws,so that all managing directors and other managing officials should be British and nationals brought under the jurisdiction of their courts.This was construed at the time,as a direct blow to American management of British companies,and helped to stir up resentment between Americans and Britons in the Far East.

34 It seems necessary to give you these sidelights on the situation in Shanghai,as I find that when Mr.Meyer,the English president of the American corporation departs for Europe and is gone over a year,that his old intimate business partner,Mr.Shiao,a Brazilian,is left in charge as vice president and general manager. So here we have a case where under given circumstances in China,the largest American company is beyond the jurisdiction of American law,and where if precedents are followed,it would be impossible to extract information from the two highest officials.

35 The second vice president of the concern,is a Mr.H.E.Arnold,an engineer who had built up this department.I have always held the highest admiration for his abilities and honesty.However,he admitted to my editor,in explaining his attitude about the Review,that the firm of Anderson,Meyer & Company had built up its business in China upon an anti-Japanese basis,and it could not support any publication which refused to accept their views on this matter.In saying this,Mr.Arnold,gives the key to many incidents where his firm has allowed itself to be the medium for creating international questions by accepting contracts from the Chinese which conflict with the rights of Japan. Naturally enough, such a firm is in reality an "agent provocateur" of the Chinese,relying on their American registry and strong financial backing in New York to see them through with the State Department.

36 Mr.Arnold has been the president of the American Chamber of Commerce in Shanghai for the past year,and naturally is in harmony with the war talk of Millard,Powell,Grow,Dollar,Sprague et al,and is furious that any American paper in Shanghai should go against their program.In effect,this gentleman,left for America in November,and gave out that he would compel every American concern with whom his house does business to withdraw its advertising from the Review.This threat he has carried out as far as possible.In company with Mr.Powell,he is now in America working on this campaign.

37 I have made no effort to fight back or explain my position.It is impossible to move this element in China,whose personal interests overshadow the general welfare of the firms back at home. This is the situation I am up against.Other American concerns in China having offices in Japan and from which they derive their most profitable business are debarred from taking this rabid stand.At the same time,they have not the moral courage to come out and help stem the tide for fear of injuring their Chinese business.It is a situation where a very few American concerns whose interests are bound up in China are able to dictate to the others what attitude they must assume,and to demonstrate their friendship for the Chinese,they have also joined in the campaign to penalize the Review,at the same time letting me understand that they have no objection to their Japan office standing the advertising expenses,so long as they can truthfully tell the others here that their office is not responsible for the advertising in my paper.

38 Although under ordinary circumstances,I would be willing to follow the ideas of this clientele,yet with conditions as they are,I cannot permit these few firms to dictate to me what American policy should be in China.If they had the higher interests of the nation at heart,I would be glad to cooperate with them,but as they are swayed by their own personal interests,which conflict with the general welfare,I refuse to lend the Far Eastern Review to their campaign.

39 Apart from these phases of the situation,I will candidly admit that I have been severely critical of the administration and its policy,for the simple reason that my years of hard work and the fruits of my endeavors have been nullified by the wobbling policy at Washington. This is my right as a citizen and and editor.Fortunately,a change is coming and this phase of my work will disappear.

40 You will sense that my stand is entirely on matters which relate to business and the desirability of Japan and America working together in harmony for the upbuilding of China.Unless this is done, there will be no real prosperity for anybody,except perhaps the few concerns whose business is built upon an anti-Japanese basis.

41 With the military end of the situation I have kept from commenting on,except in a general broad way.Much of the animosity existing amongst American army and navy officers towards Japan has its origin in incidents in Siberia.Of these these,I know nothing. My only point about Siberia,is fairly taken.I do not consider that we had any business there in the first place.In this also I have been consistent from the start.If you will refer to my first report made to you personally and at your specific request in Paris,on the general Far Eastern situation,you will see that I approached the matter from the viewpoint of the increase in population in Japan,and making close comparisons with Germany.In resumé,this report placed me on record,as being in favor of permitting Japan to handle this situation in her own way, as she had to find room on the mainland for her surplus population. I did not believe at the time that an American army force should be sent to Siberia,which could only result in mixing us in a quarrel of long standing between Russia and Japan. General Bliss,will ~~xxxxxxxxxxxx~~ probably recall that at that time,I had a long talk with him at the Hotel Maurice in Paris,in which we also discussed this very problem,and he seemed to agree with me along general lines about the advisability of leaving this problem to Japan.At any rate,his testimony before the Senate Committee is on record that he advised the President against sending an American army to Siberia,and that this was the first and only time where his advice had been ignored by the President. I do not like to change my basic views on these vital matters,as my line of reasoning is based on sound principles,and as much as I would like to be in full harmony and accord with army officers whose respect I esteem,I am compelled to adhere to my basic arguments as the safest course for us to follow.

42 In conversations with Colonel Drysdale and others, I find that they base their arguments largely upon the situation in Siberia and Chinatung and that fundamentally they are opposed to Japanese military methods, and the arrogant attitude of the soldiers and their treatment of the civil population. From this point of view, their conclusions seem to be well taken, and it seems necessary to drive home to the Japanese through publicity and denunciations of these practices, of any aberrants of such practices. With these matters I have not attempted to deal, as I am ignorant of what has occurred, and again, they are foreign to the general news value of my paper. I have however, tried to explain as far as possible, the strategic reasons which compel Japan to be ever on the alert in these territories, reasons which must lay at the root of the General Staff's actions. I am frank to confess, that I look at this policy, cold with cold blood and without sentiment. The General Staff of any nation has a very specific duty to perform, and in which sentiment and ideals are conspicuous by their absence. It is their duty to look ahead and make plans for the defense of the nation, and as far as possible, convince the legislature that their estimates for defense should be passed. The Japanese have had to fight two wars in Manchuria, and as long as the position of Russia remains undefined in the north, Japan has no option other than to dig herself in, in the south.

43 However, I have fully explained myself in my various articles on these matters. You can call it if you wish, a justification of Japanese military methods, but [redacted], you will see in it a sincere desire to throw light on the motives which have actuated the Japanese General Staff in make these moves. I may say, that I have read with great interest, the dossier of documents that go to make up explain the creation of the Consortium, and we have on record very clearly, the note of Viscount Chinda to Earl Curzon, which sets forth Japan's interest in these regions. As a soldier and member of the General Staff, I am sure you will appreciate the motives of the Japanese Staff. With Mongolia a free state and under Russian protection, Japan's western flank in southern Manchuria was open and exposed to the attack of Russia from that region. Herein lies the secret of her activities in Inner Mongolia and the motive behind the Taonan-Jehol railway.

44 Notwithstanding Japan's adherance to the last minute to the necessity of this line for her national defense against a menace from the direction of Urga, she pooled it in the Consortium. It is in effect, internationalized. The time may arise, when international finance may have to be supported by international armed force, and whether we like it or not, we may be called upon with the other nations, to dispatch an army to these regions to guarantee Japan from attack by Russia. It is one of the possibilities that will grow out of our intervention in these matters. I have taken the common sense view, that no American army will ever be disembarked upon the shores of the Gulf of Chihli for such a purpose, and I feel certain that the same pertains to France and England.

45 I have not discussed these matters with any Japanese army officer, in fact, aside from a dinner at the house of General Yoko in Teingtsin, and a short after fifteen exchange of views with the military attache in Peking, I have held no conversation whatsoever with any Japanese military officers. Common sense however tells me the trend of our diplomacy in these regions, which has the effect of nullifying Japanese defensive measures against possible attack on the part of Russia, can only meet with resistance. In this I have special reference to our attitude in regard to the Trans-Siberian line (now internationalized under the consortium) and the plans to internationalize the Chinese Eastern line, both of which have Japan in South Manchuria, and opens the door to a further demand for retirement when the question comes up in 1923 over the cancellation of the lease to the Liaotung Peninsula.

46 The crux of this whole situation lies in the possibility that in 1923, China will demand Japan's withdrawal from Liaotung, in conformity with the terms of the original 25 year lease with Russia, and will call upon the other nations to witness that she signed the 1915 treaties under compulsion, and therefore they are not valid. In view of the fact that our Government placed itself on record anew in its Note of May 7, 1915, that it could not recognize any treaties which impaired the status quo etc, the Chinese confidently look ahead to the time when they will raise this question, and we will be compromised to stand behind her, and demand Japan's immediate withdrawal from this territory. It goes without saying that Japan will not consent to withdraw as long as Britain and France retain their 99 year leases on Kowloon and Kiaochow Kwangchow Bay, and the fat may be in the fire.

47 Naturally, enough if we view this situation from the standpoint of the General Staff, we can understand that with the Trans-Siberian line and the Chinese Eastern railway internationalized, strong pressure can be brought to bear upon Japan, if we decide to side with China on the validity of the 1915 treaties. Under these conditions, it is difficult, it seems to me, to expect complete harmony between the two nations.

48 In all of these matters, I believe that someone with a knowledge of conditions, should attempt to throw light. I trust that in this, I have fully explained my position, and although it may be unpopular with certain elements, I am sure that you will recognize the purity of my motives. Above all things, I esteem the confidence and respect of men like yourself, of the old army, who have been my friends since the days of Santiago, and who, I have reason to believe, will understand me best.

Cordially Yours

2578.

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
PEKING.

1766-511

June 4, 1920.

3-1 39

M.I.10 7/13 ELY 5 07

From: Military Attache, Peking, China.

To: Military Intelligence Division, Washington, D. C.

Subject: George Bronson Rea - Far Eastern Review.

M.I.D.

1. In reply to letter of M.I.D. of March 18, 1920, 1766-511-M.I. 10, attention is called to our reports No. 2483 and 2504. 2657-I-121

2657-I-100

2. It is conceivable that Mr. Rea is sincere in his reverse of policy regarding the Japanese since the Peace Conference. The report that the Japanese Government has purchased a controlling interest in The Far Eastern Review or have subsidised the paper, may be a mistake.

3. Mr. W. H. Donald who is well and favorably known to this office declines to make a statement regarding this matter. Mr. Donald has resigned as editor of The Far Eastern Review, and Mr. Rodney Gilbert, also well known in this office and formerly a contributor to The Far Eastern Review, has announced that he will under no circumstances contribute further to the Review.

4. Mr. Gallagher, a newspaper man of considerable experience in America and Europe has arrived in Shanghai and has taken over the editorship of the paper. From reports reaching this office, the policy of the paper will be decidedly pro-Japanese which will result in detracting from the high esteem in which the Review has been held in China and Japan, and obviously will lessen the influence of the paper here.

W. S. Drysdale

W. S. Drysdale,
Lieut. Col. Inf.,
Military Attache.

JUL 22 1920

Copy sent to Mr. J.V.A.MacMurray,
Dept. of State
7/23/20
EJE/bmd 10

TRIPLICATE

IMPORTANT

SUBJECT: FAR EASTERN REVIEW - GEORGE BRONSON REA.

OFFICE CHIEF MIL. INTEL. DIV.

1200 10766-511

From K No. 205 Date March 29 37 1920.

Replying to O. N. I. No. Date , 1920.

WAR DEPARTMENT RECEIVED 1920 MAY 27 AM 10 06

Following is a copy regards the above subject between the American Legation in Peking and the American Consul-General in Shanghai.

AMERICAN CONSULATE GENERAL
Shanghai, January 20,1920.

Sub: Far Eastern Review.

The Honorable Charles D. Tenney,
Charge d'Affaires ad interim,
American Legation, Peking.

Sir:-

I have the honor to invite the attention of the Legation to the articles appearing in the Far Eastern Review for December, 1919, and January, 1920, by George Bronson Rea and particularly to the criticisms contained therein of ex-Minister Reinsch and the policy of the Legation during the latter's incumbency. Attention is also invited to the somewhat pro-Japanese tone of this journal as exemplified by the articles entitled "The Reasons for Japan's Opposition to the New Consortium by a Japanese" (page 762, December, 1919), "What Japan has done Economically for Korea by K.K. Kawakami" (page 795, December, 1919), and by the articles referred to by George Bronson Rea.

It is suggested that the appearance of articles of this nature, particularly of the first category, in an American journal published in China is contrary to American interests, and, since the Far Eastern Review is registered at this Consulate-General (under the system of registration in force prior to the issuance of the Department's Circular No.746 of January 24, 1918), the instructions of the Legation are respectfully requested as a guide to action by this office.

In the meantime the Far Eastern Review is being called upon to furnish the data required for registering again under the provisions of the circular above referred to.

I have the honor to be, Sir,
Your obedient servant,

(Sgd) Edwin S. Cunningham
American Consul-General.

Peking, China.
January 24, 1920.

SUBJECT: _____

_____

From X No. 205 Date March 29, 1920.

Replying to O. N. I. No. _____ Date _____, 1920.

Peking, January 24, 1920.

Edwin S. Cunningham, Esquire,
American Consul-General,
Shanghai, China.

Sir:

In reply to your Confidential despatch No.108 on the subject of the "Far Eastern Review", I have already read, with much disquietude, the articles to which you refer. I have heard the rumor that Mr. George Bronson Rea entered the paid service of the Japanese Government, but do not know whether it is true or not.

The Editor of the "Far Eastern Review" is now at Shanghai, I believe. If you will see Mr. Donald and express to him the dissatisfaction felt by the Legation and the Consulate-General at the present tone of the Review, he may give you some explanation which will throw light upon the matter.

Under the present circumstances, if the American registration of the Review can be questioned and referred to the Department, I should be pleased.

I am, Sir,

Your obedient servant,

(Sgd) Charles D. Tenney
Charge d'Affaires ad interim.

Shanghai, China.
March 16, 1920.

SUB: Far Eastern Review.

The Honorable Charles D. Tenney,
Charge d'Affaires ad interim,
American Legation, Peking.

Sir:

Referring to the Legation's instruction No.4917, of January 24, 1920, in reference to the articles recently appearing in the "Far Eastern Review", I have the honor to state that Mr. Donald was interviewed and it was learned that he was as much displeased with the tones of the recent issue of the Far Eastern Review as the Legation could have been. He was decidedly displeased with a great number of articles which had been forwarded by Mr. George Bronson Rea, many of which had not been published because of their extreme pro-Japanese spirit.

The Legation, no doubt, has noted the announcement in the March 192 0, number of this Journal as follows :

'EDITORIAL NOTICE

The complete reversal of the policy of the FAR EASTERN REVIEW effected by its Publisher, Mr. Geo. Bronson Rea, in the course of recent months compelled its Editor- the undersigned) in the February issue)- to disclaim

responsibility

From K No. 205 Date March 29, 1920.

Replying to O. N. I. No. _____ Date _____, 1920.

responsibility for views expressed by writers of signed articles. The receipt of further similar articles which the undersigned cannot endorse causes him to withdraw from his position as Editor of the Far Eastern Review.

W. H. DONALD.'

I have the honor to be, Sir,
Your obedient servant,

(Sgd) Edwin S. Cunningham
American Consul-General.

Following is a clipping from the "PEKING & TIENTSIN TIMES, March 16, 1920.

"We had occasion about five weeks ago (says the JAPAN CHRONICLE commenting on Mr. Donald's resignation of the Editorship of the Far Eastern Review) to discuss the remarkable change which had come over the views of Mr. George Bronson Rea. Mr. Rea was at Paris for the Peace Conference and was at first on terms of the closest intimacy with the Chinese delegates. It is understood, however, that he complained that they 'Let him down' (in what way we will not speculate), and that, after an interview with Mr. Odagiri, Mr. Rea went to America and has since been working in the Japanese interests. It has been noticed that, since his interview with Mr. Odagiri, his views have undergone a very remarkable change - a tribute indeed, to the persuasive powers of Mr. Odagiri. He has been very industrious since, but has not proved so persuasive as his Japanese friend. Indeed, his advocacy is likely to do Japan's credit far more harm than his previous hostility. His hammer and tongs style of taking up China's disputes with Japan used to annoy the Japanese out of all proportion to the influence which it had on American or British readers. One can understand a Japanese official trying to convert him but one would have thought that the most elementary prudence would have prompted him to enjoin silence on the new convert. It is impossible to conceive anything more nicely calculated to discredit a cause than to find Mr. Rea's noisy advocacy boosting it after a period of equally noisy hostility."

ANALYSIS OF THE

CHINA-JAPANESE

TREATIES

Their Bearing on American Interests

BY

GEO. BRONSON REA,

Publisher of

"The Far Eastern Review"

ANALYSIS OF THE TREATIES.

Their Bearing on American Interests

"The difficulty between China and Japan has been peacefully settled, and with the signing of the Treaties and exchange of Notes, the matter ceases to be of immediate public interest. It is a closed incident." This seems to be the concensus of opinion in the United States. The fact remains nevertheless that the real trouble has not yet commenced. By the signing of the Treaties, an issue has been created for the United States, on a par in importance with larger questions affecting our rights arising out of the European war. American rights have again been ignored and swept aside by the application of Might to a defenseless nation.

When Japan presented twenty-one demands to the Chinese Government last January, and the facts leaked out, Japan assured the Powers that it was all a mistake, and that only eleven demands had been presented, and pointed an accusing finger at Germany as the author of the libel on her good intentions. Count Okuma cabled reassuring messages to America, that the treaties would not be impaired, and to rely in Japan's honor not to take any unfair advantage of China. The reports from Peking were strenuously denied, and America invited to believe only the cables from Tokio.

It was not until May 7th, when the Japanese Government released its official version of the demands and the negotiations leading up to the ultimatum, that the world was given the first authoritative account of the trouble by one of the principals. This statement fully corroborated the reports which had emanated

from Peking, admitting the existence of twenty-one demands, and condemning Japan out of her own mouth. On May 16th, the following Note from the American Government was delivered to the Chinese Government by the American Minister at Peking:

> "In view of the circumstances of the negotiations which have taken place or which are now pending between the Government of China and the Government of Japan and the agreements which have been reached and as a result thereof, the Government of the United States has the honour to notify the Government of the Chinese Republic that it cannot recognize any agreement or undertaking which has been entered into, or which may be entered into between the Governments of China and Japan impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy, commonly known as the Open Door policy."
>
> An identical Note was handed to the Japanese Government through the American Legation at Tokio.

The thought at once arises; if Japan's demands did not impair American rights under the existing treaties, why should the pacific and friendly American Government feel constrained to issue such an unmistakable warning to both Governments? The terms of the ultimatum with only minor and immaterial changes, were nevertheless embodied almost in their entirety into two treaties and several supplementary Notes, and China was compelled to bow to the might of superior force and affix her signature to these impairments of her sovereign rights. But before doing so, the Chinese Government broke the silence imposed on it at the outset of the negotiations by Japan, and laid its case before the world in an official *communique* dated May 7th. The concluding paragraph of this simple and dignified statement of facts, should be carefully read, as it outweighs all the arguments and sophistries advanced by Japan to justify her actions.

> "It is plain that the Chinese Government proceeded to the fullest extent possible to make concessions. In considering the nature of the course they should take in reference to the ultimatum, the Chinese Government was influenced by its desire to preserve the Chinese people, as well as a large

number of foreign residents in China from unnecessary suffering, and also to prevent the interests of other friendly Powers from being imperilled."

For these reasons the Chinese Government was constrained to comply in full with the ultimatum, but in complying, the Chinese Government disclaims any desire to associate itself with any revision which may thus be effected in the various conventions and agreements concluded between other Powers, with respect to the maintenance of China's territorial independence and integrity, the preservation of the status quo, and the principle of equal opportunity for the commerce and industry of all nations "in China."

The above is clear. China accepted humiliation to preserve the lives and properties of the large number of foreigners throughout the country, at a time when their own Governments were powerless to protect them. Reading between the lines of the American Note and the closing words of the Chinese official *communique,* there can be only one intelligent interpretation of the situation. Recognizing that its treaty rights were imperilled, and China's political and territorial integrity menaced, the American Government placed itself squarely on record that it could not be a silent witness and a willing accomplice to this Oriental triumph of brute force over right and meekness. The Chinese Government has plainly stated to the world that it was overawed by the superior might of Japan, and compelled under threat of war to comply in full with the latter's behests, and at the same time disclaiming any intention of being a willing associate in the impairment of established treaty rights of others. America notified China and Japan of her determination to retain all her rights under these treaties, and China has announced that if these or other rights are impaired, Japan is solely responsible.

If there is no impairment of previous treaties in the new arrangements between China and Japan, there can be no just reason for criticism, or future interference of other Powers. But, if on analysis these documents bear evidence to the contrary, it would seem that a very clear and decided issue had been created, which other Powers must take notice of, or, if it is shown that American rights have been infringed or ignored, the day cannot be long deferred before the facts are brought forcibly to the attention of the people and the Government.

China has placed the other Powers under a deep obligation for her forbearance, and practical acceptance of those principles of meekness so ardently preached by our leading peace and anti-armament advocates. China accepted humiliation in order to preserve the lives of her own peaceful people and the thousands of foreigners who reside within her borders. She has placed her case in the hands of those friendly Powers whose interests she sought to protect. When the time arrives for the settlement of these matters involved in the preservation of the rights and liberties of the smaller and weaker states, the Supreme Court of Civilization will be called upon to give solemn consideration to the facts of the last four months. If Japan has taken any unfair advantage of the situation to obtain for herself special privileges in China, at a time when the Guarantors of China's integrity were powerless to prevent her, the treaties wrung by force from China, will in justice to others have to be abrogated.

Have the rights of others been impaired? I shall endeavor to prove that they have, and that a grave issue has been created for America as the result of Japan's indifference to the rights of others.

INTERNATIONAL ETHICS INVOLVED.

In analyzing the clauses of the Shantung treaty, it would seem that if the right of Might and retention of stolen property is an accepted principle of international law, then no third party has any claim to concern itself over the transfer of German privileges in Shantung to Japan or any other nation. The Powers made no direct protest against Germany's enjoyment of the fruits of her inglorious raid on China. It would be manifestly unfair therefore to discriminate and object to Japan's occupancy of Shantung. China's viewpoint is never considered, especially amongst a certain element in America, whenever any discussion arises as what is best for Japan, and in this particular vital matter, it is taken for granted that she ought to be delighted and pleased at Germany's defeat and Japan's inheritance of the latter's rights. China's viewpoint is that her own special interests are best preserved by a continuance of the *status quo*, in harmony with the declared terms of the Anglo-Japanese Alliance. After her sad experiences in Manchuria, and the indignities heaped upon her by her strong-armed little neighbor, is it unreasonable that China should view

with grave apprehension any further extension of Japan's spheres of special influence?

Because Germany compelled China by superior might to cede certain territories and special privileges in Shantung, it does not follow that the Chinese accept the perpetuation of this principle by any victorious enemy of Germany, and especially one who has brutally ignored China's rights in the past and compelled her to apologize and pay indemnities on the slightest provocation or pretext. If Germany's policy of the "Mailed Fist" first applied to defenseless China, is open to severe condemnation, it follows as a matter of honest deduction and logic that any Power who aspires to succeed to the fruits of this iniquitous policy, and employs the identical methods to achieve its purpose, places itself on the same level as Germany, and is open to the same severe criticism and condemnation. China was robbed by Germany, Japan attacked the robber and acquired temporary enjoyment of the spoils, and insists on retaining ownership. Because the rightful owner remonstrated and requested restitution of the stolen property, in conformity with Japan's promises, the latter professed to be insulted and employed this pretext to enforce recognition to her possession of the stolen goods. Stripped of all diplomatic and superfluous verbiage, this simple statement reduces the situation to its lowest terms.

Germany has been held up to universal execration for the methods employed by her in grabbing Kiaochao from China and emplanting herself in Shantung. Japan refuses to admit that China has any further voice in the disposition of her stolen property, and, by applying the same methods as employed originally by Germany, has compelled defenseless China to recognize the transfer of Germany privileges. It is true that Japan has promised to restore Kiaochao to China, but there is no indication as yet that she has any intention to forego the valuable commercial clauses embraced in the lease. It is impossible to apply one code of international ethics to Germany, and another to Japan when the conditions are identical.

The Japanese are resentful of any American criticism of their present actions, and seek to find therein a special prejudice against their country. They assume that we ought to be glad that Germany has been driven out of Shantung, and feel aggrieved that we should in any way question their honorable motives.

Although no other Power uttered an open protest against Germany's high-handed outrage in 1898, it was this particular event which determined the American Secretary of State to dispatch the Open Door invitations to the various Powers concerned. While this was not a specific protest against Germany's actions, it placed the American Government firmly on record that it disapproved of these strong armed seizures of China's territory. If we disapproved at that time and adopted measures to obviate any further infractions of China's sovereign rights and integrity, and have on many subsequent occasions reiterated our adherence to these fundamental principles, it follows that America cannot stultify herself at this time, by making a special dispensation in favor of Japan, and subscribing to the perpetuation of a policy which menaces the future of China and American rights in that country. Germany was wrong in 1898, and America refused to condone the wrong. She cannot reverse her attitude in 1915 by upholding Japan.

If this reasoning applies to the situation, and if China's property is to pay the expenses of Japan's war with Germany, it would again seem reasonable and fair that China as the most interested party should be permitted to nominate a representative to take part in any Peace Negotiations having in view the disposition of her rights. Due to the intricacies of modern international finance, the questions involved in any transfer of Germany's rights in Shantung to Japan, create many new and complex problems, and compel the signing of a treaty at the expiration of the war between Germany and Japan, quite distinct and apart from any general European settlement.

The existence of the Anglo-Japanese Alliance, and the invocation of its provisions as the justification for Japan's entrance into the war would appear to make Britain equally responsible with Japan for China's plight. This in turn would indicate that Britain should participate in any final settlement after the war, and herein lies China's one great hope of eventual justice being meted out to her.

These fundamental questions of right and wrong must be grasped before any intelligent analysis of the new treaties can be attempted, and their bearing on American interests explained. We can now proceed to indicate where the very first clause in

the Shantung Treaty conflicts with American ideas of right and wrong, shatters the last hope of a "square deal" for China, and creates future trade difficulties for our merchants.

CREATION OF SPHERES OF INFLUENCE.

How Germany obtained from China in 1898 the 99 year lease of Kiaochao and special privileges in the Province of Shantung, by penalizing China for the murder of two German missionaries, is an old story, always cited as the first application of the "Mailed Fist" policy. In the present state of world opinion, this incident is invariably employed as illustrative of her high-handed methods, but the fact seems to be overlooked that it was inspired by Britain's occupation of Hongkong, the French success in committing China to the non-alienation of Hainan Island in March 1897, Britain's erection of a ringed fence around the Yangtsze Valley in February 1898, and Russia's intrigues to secure possession of Port Arthur. These dates must be borne in mind, for it was not until March 6th, 1898, that the Kiaochao Convention was signed. Germany's proclaimed intentions in regard to Shantung, impelled Britain to demand the non-alienation of the Yangtsze Valley the month previous. France followed by obtaining a non-alienation declaration covering South China on April 10. Eight days later, Britain already established at Weihaiwei, informed Germany that she would respect the latter's rights in Shantung, and the week following Japan staked out her claim to Fukien. On June 9th, Great Britain obtained the extension to her Hongkong Territory, and on July 1st, the lease of Weihaiwei. It is of special interest to Americans to note that the spoilation of China, occurred at a time when the attention of this country was diverted to our troubles with Spain, and we were powerless to intervene. It is also apparent that it is difficult to single out any particular Power for special condemnation as they were all equally guilty. It remained however for Germany to claim the inglorious distinction of being the first Power to incorporate into a treaty the principle of exclusive opportunity in her special preserves. This appears in the clause of the Kiaochao Convention, reading:—

> "The Chinese Government binds itself in all cases where foreign assistance in persons, capital or material may be needed for any purpose whatever in the Province of Shan-

tung, to offer the said work or supplying materials in the first instance to German manufacturers and merchants, and only in the event of the latter declining to undertake the performance of such works is China at liberty to act as she pleases."

This clause created the Province of Shantung as a closed German preserve, and inspired other Powers to take action in defending their own special interests in other sections of China. It was this clause which also influenced the American Secretary of State to send out the invitations to the other Powers to secure their adherance to the principle of equal opportunity. Notwithstanding Germany's subscription to this policy, it is undeniably true that for some years she adhered to her exclusive privileges in Shantung. As time went on though she discovered that the Province was not an Eldorado, and that the clause operated against her equal participation in other more profitable sections of China. She then began to display a desire to relinquish these preferential rights, and tentative conversations were held with the Chinese authorities having this end in view. Although Germany's motives were eminently selfish, the Chinese viewed this tendency as a step in advance towards the recovery of their sovereign rights, and as marking a disposition on the part of Germany to live up to the principles of the Open Door. It is a fact not generally known that in later years Germany was willing to permit other nationals to co-operate in the development of the province. The German Bank invited the official British institution to participate on equal terms in the floating of the loan for the construction of the Chefoo Breakwater, and British engineering firms investigated and submitted estimates for the work. One of the most prominent American engineering concerns was also interested, and stood an excellent chance of being awarded the contract. Americans also held options on valuable mining properties in this province. I mention these facts merely to accentuate the point that if Japan had not carried the war into China and made this inoffensive nation pay the costs, there was every reasonable prospect that the one objectionable clause in the Kiaochao Convention would have been eliminated with profit to China and the rest of the world. China's sovereign rights would have been strengthened, and the precedent for exclusive privilege expunged from the treaties. Japan's succession to Germany's

rights destroys the last hope that China will ever be liberated from these provisions, for in the present treaties this principle has been expanded and perpetuated in Manchuria, and the attempt made to extend them to Fukien and apply to the iron and steel industry in the Yangtsze Valley. The preservation of this obnoxious doctrine was vital and imperative to the prosecution of Japan's designs on China.

VIOLATION OF THE "OPEN DOOR."

If Japan has demanded and obtained from China exclusive and preferential rights in Manchuria it is conclusive evidence that she will not feel disposed to consent to any surrender or modification of these same privileges in Shantung. The principle of exclusive spheres is to be strengthened and perpetuated, and the doctrine of the Open Door relegated to the waste paper basket. It is in this respect that the first clause of the new treaty constitutes a menace and disregard for American rights and interests.

The revival of the "Spheres of Influence" policy by Japan which undermine and subvert the authority of the Chinese Government, and tend to close the door to others, sounds the death knell to the Open Door doctrine. The American Note to China and Japan states in no uncertain terms, that our Government cannot recognize any impairment of this policy. The issue is created. It exists to day as an actual force, and sooner or later must be faced. The only guide to the future are the events of the past, and as we look back to what has occurred in Korea, Manchuria, and in Shantung since the Japanese assumed control, and then consider what is behind Japan's pretentions in Fukien, there is only one intelligent deduction to make.

AMERICA'S WEAKNESS INVITES INSULT.

True to her traditions America has sedulously refrained from claiming any economic or political advantages in China, and since the adoption of the Open Door agreements in 1900, every country, except Japan, has adhered in principle to the doctrine of equal opportunity. These countries have however, special interests, bound up within the spheres previously outlined. Important vested interests have been created in these districts, and now that Japan has re-established the "Spheres of Influence" policy, there is grave reason to fear that the other Powers may consider it

necessary to follow Japan's example and protect their special and vested interests, by the application of the same doctrine. America would then be completely frozen out of the Republic. If Japan's precedent holds, then Russia, Great Britain and France may follow suit, especially if Japan refuses to return to the Open Door. The menace to America's interests behind Japan's actions in China is therefore real, and if the other Powers feel that they are so obligated to Japan for her assistance during this war, and side with her, America would be compelled to meekly accept the humiliation and bid Good-Bye to dreams of future profits from the use of the Panama Canal through participation in the great undeveloped markets of Eastern Asia. And if our rights could be so easily taken from us in China, it would not be long before the same tactics would be employed in South America. As the "Open Door" Doctrine has been swept away by the might of superior force, so would the Monroe Doctrine be put to the test. The influence on our trade with South America arising out of the situation created in China merits special study and examination.

THE ALMIGHTY DOLLAR VERSUS HONOR.

There is a marked tendency in certain American circles to concede Japan's right to establish a political and commercial supremacy over China, based on the assumption that our trade with the latter country would be more stimulated and benefitted by co-operating with Japan, using the merchants of this country as our agents or go-betweens. This idea also embraces the financial side of our relations with China, on the argument that Chinese loans would be safer and more attractive if contracted through Japan, and with her guarantee. This in other words, is the policy advocated by Count Okuma when he assumed office, and which has been insiduously introduced into America by those allies of Japan who receive their inspiration from a common source in Tokio. This argument has been forcibly advanced by the President of the Japan Society, who in his desire to have America withdraw from the Orient and permit Japan a free hand in China, defends his position on the grounds that our trade with Japan is much greater than with China, that we have no spheres of influence in China, and that our natural field for trade expansion lies to the south. This plea for Japan outrages all ideas of honor and asks that our friendly regard for China be sacrificed on the

altar of the Almighty Dollar. Because our trade will perhaps benefit as the result of China's decline into a Japanese province, the national life and aspirations of this long suffering people must be blotted out. The enormity of such a crime against a weak and defenseless nation struggling manfully through a tardy evolution from the darkness of medievalism into the light of modern thought, handicapped with the iron-clad customs and habits of centuries and the aggressions of predatory neighbors, is utterly un-American, and opposed to all those principles on which our own Government is founded. The idea is so sordid and base that it could never have emanated from the mind of any true American, and could only have germinated and found root in a soil far removed from the influences of our thought and culture. This idea of abandoning the principle of equal opportunity in China and giving a free hand to Japan to subjugate the country, and concentrating our commercial energies in South America, is very attractive and has found many adherents amongst those who value trade and profits higher than principle, and who have given no thought to the disturbance of those world commercial currents caused, as a result of the recent treaties.

PENALTY OF DEFEATED NATIONS.

The first clause of the Shantung Treaty is obviously based on the belief that Germany is to be completely eliminated from Shantung, as all German rights in this province whether acquired by treaty or *otherwise* are to be surrendered to Japan. When the attitude of Great Britain in Hongkong in compelling the liquidation of all German firms in the colony, and the general tone of the British press and public utterances of high officials are considered, the great truth is borne home to the mind of the neutral, that the complete elimination of German trade and influence in China must be accepted as one of the cardinal objectives of the present struggle.* Japan has already indicated by her actions in Shantung and the South Seas, that temporarily at least, she does not intend to be bound by the principles of international law covering the inviolability of private property, emphasizing her determination to consider as spoils of war all German rights

*On June 25th, a British Order in Council prohibiting any further trading with enemy firms in China, Siam, Morocco and Persia.

whether acquired by treaty or individual enterprise. The principle to be established as foreshadowed by Japan's present policy, is that a defeated nation is to be deprived of the fundamental right of free competition in the markets of a neutral country. This doctrine ruthlessly applied by a victorious Power, constitutes a terrible punishment for any nation who may have the misfortune to suffer defeat in any future conflict, and invites attention to the bitterness of that intense struggle for existence and commercial advantage which lies at the root of the world's present troubles.

MENACE TO AMERICAN TRADE.

The confiscation of all German commercial and other rights in Shantung, and the declared intention of the Allies to uproot and destroy the source of German influence in China and drive her commerce from this neutral market, while constituting a most praise-worthy and patriotic object for her enemies, points a moral to other nations and should be subjected to close scrutiny to ascertain its ultimate bearing on American trade. Although on its face this does not convey any threat to American interests, yet if brought under examination together with other unmistakable signs of the times, analysis will determine that American export trade must inevitably suffer. It does not require any expert knowledge of present day commercial currents to grasp the fact that if German trade is uprooted in the great markets of China, and her colonies are absorbed by the victorious Allies, and the home markets of the Allies are to be closed to her in the future, Germany's export activities will be concentrated on those neutral markets open to free competition. If we eliminate China and Japan, India, Australia and the best part of Africa, and then bear in mind that the home countries of the Allies will be practically barred to Germany for at least another generation, it becomes evident that the only great field that will remain open to her unrestricted commercial activities will be the neutral markets of North, Central and South America. The logical sequence therefore to Germany's expulsion from the markets of China and those under the control and influence of the Allies, will be to compel the concentration of her remarkable export organizations to the expansion of trade in Mexico, Central and South America in direct competition with the efforts of the United States.

The operation of the new tariff law compels our manufacturers to get out and seek a larger share of the export business, and the initial steps have already been taken to perfect an organization for the advancement of our interests in South America. Economic conditions in the United States make imperative this expansion of foreign trade, and when the rush of war orders is over, and conditions become normal, the necessity for markets will be more keenly felt. If American manufacturers will now pause and consider that the recent treaty extracted from China by Japan, closes the door to their future activities in Manchuria and Shantung, and revives the policy of the "Spheres of Influence" in China, which if applied by the other Powers, will freeze them completely out of this market, they will begin to see that the effect will be to compel them to concentrate their activities in building up trade with our neighbors to the South. The operation of the same policy will drive Germany to almost exclusive activity in the same sphere, so the result of Japan's actions not only deprives America and Germany of equal opportunity in China, but forces them into direct competition in Central and South America.

No matter what the ultimate outcome of the war in Europe may be, the German people will have to live and operate their industries and factories, and be conceded the right to trade and compete in those neutral markets of the world, not closed to them by the resentment of the Allies. With the full force of German industrialism directed into competition with America for the supply of the South American markets, our manufacturers will be eventually driven from the field, by the application of the same business methods that undermined the trade supremacy of Britain in her own special spheres. The struggle for existence in Germany will be keen, and to provide work for the masses, profits will be reduced to a minimum. Against such a competition American manufacturers will be placed under a great disadvantage and their export trade must inevitably suffer. It will thus be seen that the very first clause of the Shantung treaty, will tend to increase the trade difficulties of America, and by throwing America and Germany into direct commercial competition, it is certain to create rivalries, jealousies and ultimate friction, if not an open attack on the Monroe Doctrine. From this brief observation of the commercial currents set loose in China, it would

seem that future trouble is in store for America. If we permit Japan to work her will on China, and concentrate our energies on South America, we not only lose our footing in China, but invite disaster nearer home. It goes without saying that if we adopt the policy advocated by the President of the Japan Society, and entrust our interests in China to Japanese Agents, we could never hope for any abandonment of principle, and American goods would again be subjected to discrimination if not actual boycott.

JAPAN SOLIDIFIES HER CONTROL OF SHANTUNG.

It has been made clear how the provisions of the new Treaty between China and Japan nullified the principle of the Open Door, re-established the Spheres of Exclusive Influence, in manifest disregard to the position of America and also the ultimate effect of the treaty on the trade of America with China and South America. We can now turn the search light of truth on the other clauses of the Shantung treaty, and disclose the real working of that Oriental diplomacy, which has been hidden behind a cloud of high sounding phrases of amity and good will to the rest of the world. A peep behind the scenes will disclose that underneath the simple looking demands, are revealed the well laid plans of Japan to solidify her hold on China, and loot the revenues of the Government for the benefit of Japanese interests.

The first supplementary note to the Shantung treaty, reads:—

> "Within the Province of Shantung or along its coast no territory or island will be leased or ceded to any foreign Power under any pretext."

This Note is a modification of the original demands that China should not lease or cede such territories to any *third Power*. Even in this matter it is seen that Japan endeavored to force her way to exclusive rights and privileges. On its face, this clause would seem to be equitable to both parties, always having in view Japan's position. Her argument for presenting and insisting on the adoption of this clause was the usual and generally accepted doctrine of a stronger nation imposing its will on a weaker neighboring country to protect its own national existence, by obviating any possibility of another Power obtaining a foothold, which might conceivably be transformed into a naval base. This

official explanation of Japan is therefore unchallengeable, and corresponds to similar American policy with reference to the Latin American countries to the south. There is another and more subtle aspect to this clause, which compels a tribute to Japan's astuteness, for analysis will indicate that it simply serves to strengthen her hold on the province, by adhering to well established and accepted precedents of 1898 in delimiting her special preserves. Germany overlooked this re-insurance in drafting the lease of Kiaochao and installing herself in Shantung, and the gate was always open for China to lease or cede another point of vantage in the province to another Power, as evidenced by the lease of Weihaiwei to Great Britain. Japan has skillfully repaired this breach in the ringed fence, that's all.

It will be remembered that Great Britain, France and Japan extracted from China in 1897 and 1898 the so called Non-Alienation Declarations covering their respective spheres of influence. These engagements definitely delimited these spheres set apart for the special interests of the above Powers, while Russia in turn had marked out Manchuria as her particular "piece of the Chinese pie." These Declarations are still in force and constitute the foundation of the British, French and Japanese pretensions to the Yangtsze Valley, South China and Fukien. Viewed in this light, the non-alienation supplement to the recent treaty respecting Shantung simply proclaims that Japan is adhering strictly to precedent, and is leaving no loop hole for others to break into her preserves. It is self evident that after her sad experiences at the hands of her "friends," China would never again *willingly* consent to any further alienation of her territories by lease or otherwise, and as far as she was concerned this provision in regard to Shantung was uncalled for and unnecessary. Only by the application of that brute force employed by other nations in dealing with her, can China be separated from her territories. The only apparent justification for enforcing this additional humiliation on China, rests on the assumption that Germany may at some time in the future compel China to recompense her for the loss of Kiaochao, by the lease of some other port or island off the coast of Shantung, which in turn might be transformed into another naval base. As there are no other ports in the province or islands off its coast suitable for such purpose, it deprives this argument of its force, and reduces the meaning of

the clause, to a set determination on the part of Japan to solidify her hold on what she has acquired. The non-alienation clause respecting Shantung also rounds out and puts the finishing touch on the series of these undertakings, and leaves no corner of China, which can be alienated. Russia in Mongolia and North Manchuria, Japan in South Manchuria and Shantung, Great Britain in Tibet and the Yangtsze Valley, Japan in Fukien, and France in South and Southwest China and the Island of Hainan, have parcelled the country between them, and the only place that China might of her own free will cede or lease territory without coming into conflict with these other Powers, would be in the Metropolitan Province of Chihli.

THE STORY OF LUNGKOW.

We can now turn to Clause 2 of the treaty which reads:

> "In building a railway connecting Chefoo or Lungkow with the Tsingtau-Tsinanfu line, China shall apply to Japanese capitalists for the necessary loan, provided that Germany relinquish her rights regarding the Chefoo-Weihsien Railway."

When this is considered in connection with Clause 1, it would appear to be superfluous, for if Japan is to fall heir to all of Germany's rights in the Province, why such anxiety concerning an enterprise fully covered by the provisions of that Clause? If Germany, under the provisions of the Kiaochao Convention possessed the preferential right to finance this line, and if Japan is to succeed to these privileges, why was she so anxious to specify this particular concession, and have it super-guaranteed to her in a separate clause in the new treaty? Herein rests a story eloquent of Japan's way with China, and illustrative of the manner in which China is being looted and kept in financial vassalage to other Powers. The story is difficult to understand without the aid of a map of North China and a knowledge of her railway system and traffic problems.

Dairen is the commercial stronghold of Japan in Manchuria and North China, from here her merchants tap the wealth of the vast hinterland, and distribute their wares. A glance at the map will indicate that Dairen is only 85 miles distant by sea from the port of Chefoo in the Province of Shantung, which permits her

merchants to successfully compete in this sphere against the German entrepot at Tsingtau. An immense junk and light draft steamer traffic was rapidly developed between Dairen and the Shantung coast, and trade established which could not be taken away by Germany. Dairen in time rivalled Tsingtau as a distributing point for the trade of the province, in fact the Japanese port was more favorably located than Tsingtau to dominate the richer part of the Province. The shorter and cheaper water borne traffic cut into the more expensive and longer railway haul from Tsingtau to the heart of Shantung. Naturally neither Germany or Japan desired to contribute to the commercial growth of ports outside their control, and the importance of the old international treaty port of Chefoo was thereby impaired. The Japanese especially chafed under the forced necessity of contributing to the enrichment of a port under the jurisdiction of China, where European and American interests had long since secured control of the most profitable and choice business sites. The Japanese determined to get along without Chefoo and build up a port entirely under their own influence. When the breakwater scheme for the harbor of Chefoo became a certainty, and that its cost would be charged on the shipping and trade entering the harbor, the Japanese balked. When it is known that the Japanese flag floats over about 70 per cent. of the shipping which enters and clears from the port and that the great bulk of this shipping is engaged in the Dairen and Port Arthur run, it indicates that the Japanese trade between the Kwangtung Peninsula and Shantung would be called upon to pay the lion's share of the proposed harbor improvement. So Japan decided that Chefoo was no place for her, and began to look around for a more suitable base for her trade expansion in Shantung.

JAPAN'S WAY IN CHINA.

Seventy-five miles to the west of Chefoo is located the little obscure junk port of Lungkow. Reference to the map will disclose that the sea distance betwen Dairen and Chefoo, and Dairen and Lungkow are for all practical purposes the same, while Lungkow possessed the added advantage of being located seventy-five miles nearer the commercial heart of the province. No foreigners were located there, no vested interests had been established, and its remoteness promised freedom from molestation

and the prying eyes of foreigners. So here the Japanese decided to establish their sub-base for Dairen and exploit the province in company with the Germans, but safe from the latter's competition. With characteristic Japanese thoroughness they prepared their plans and proceeded to work. A Japanese steamship line to ply between Dairen and Lungkow direct, and a Japanese Bank with headquarters in Dairen and a branch in Lungkow, and both under the same management, were subsidized by the Japanese Government of the Kwangtung Leased Territory and commenced operations in 1912. They were the first in the field, and with the aid of the Bank naturally acquired the choice business and waterfront cites, tapped the trade of Chefoo to and from the heart of the province, and firmly ingratiated themselves with the leading Chinese merchants in the district. They settled down to improve their opportunity and wait for a paternal and watchful Government to further assist them. They had not long to wait for action. In December 1913, the Japanese Minister at Peking brought pressure to bear on China to open certain ports in Inner Mongolia to foreign trade. Included in the list was the little, unimportant and hitherto unheard of junk port of Lungkow on the north coast of Shantung. Even the old China "hands" wondered what it meant, as no one could see the advantage of opening this shallow harbor. It was soon realized however that Japan had stolen a march on the rest of the world, for by the use of her light-draft subsidized steamers in direct trade with Dairen, the port of Chefoo was isolated, and Japanese products brought seventy-five miles nearer the commercial heart of the Province, thus saving that expense of cart transportation. The commercial advantage of Lungkow to Japan is therefore apparent. It gives her a decided superiority over the traders of other nations established at Chefoo, and if ruthlessly pressed will result in the commercial ruin of Chefoo.

LUNGKOW'S STRATEGIC IMPORTANCE.

When the time came for Japan to declare war on Germany and commence operations against Tsingtau, instead of landing her forces within a reasonable distance of the German stronghold, she startled China and the world, by disembarking her troops at Lungkow, 180 miles away from her objective. This violation of China's neutrality has been strenously defended by Japan and

the press of the Allies, on the grounds that Germany had set the lead. Technically the position may be correct, but all the evidence goes to strengthen the belief that the violation of China's neutrality by disembarking troops at Lungkow, was as much a fixed purpose of the Japanese General Staff, as the violation of Belgium was premeditated and formed part of the strategy of the German General Staff. Japan does nothing at hazard. She takes no chances. Her plans are laid long in advance. Lungkow was selected as Japan's base in the event of a war with Germany in 1912, in the same way that future events will disclose that certain Mexican incidents are not without their significance.

CHEFOO TO BE ISOLATED.

The construction of a railway between Chefoo and Weihsien is essential for the commercial rehabilitation of this one remaining deep water port in the north under the jurisdiction of the Chinese Government. The topography of the country compels such a line to follow the coast, and pass within a few miles of Lungkow. It is seen therefore that Lungkow holds the key to Chefoo's future prosperity, and that whoever controls Lungkow, can tap and divert the trade of Chefoo. Naturally, the Japanese desire that the proposed railway should terminate at Lungkow, especially if their money is to be employed in its construction. If Chefoo wants a line to connect with Lungkow and the interior, the Chefoo merchants may find the money themselves, but they can never have any control over the strategic section from Lungkow to Weihsien. In plain words Chefoo is to be left out in the cold. This is the "Ethiopian gentlemen in the wood-pile" concealed in Clause 2 of the treaty. If China wants a railway in this section Japan will only finance it as far as Lungkow, from there on to Chefoo it must be a separate local line with no participation in the administration of the main section. Not alone does the clause conceal this attempt against the commercial prosperity of Chefoo, but embraces one of the most barefaced intrigues for the acquisition of revenues now enjoyed by the Chinese Government and constituting one of its most valuable loan securities.

LOOTING CHINA'S TREASURY.

A feature of conditions in North China not generally understood consists in the scarcity of agricultural labor in Manchuria. Hundreds of thousands of coolies are annually imported in the

spring from the congested province of Shantung and returned to their homes after the harvest. This remarkable passenger traffic has been one of the principal sources of revenue and profit for the Chinese Government owned Peking-Mukden Railway, one of the greatest revenue earners of the Government as well as one of the most profitable railway enterprises in the world. Since Japan's acquisition of the South Manchuria Railway she has naturally set out to divert and capture as much of this profitable business as possible. To this end the Japanese Government has subsidized steamers and other vessels to ply between Dairen and the Shantung ports, and act as feeders to the railway. By offering special through rates from Shantung to the fields of Manchuria, they were able to divert a fair percentage of this lucrative trade. Not content with this they want it all. If Japan secures control of the main German railway from Tsingtau to Tsinan through the heart of the Province, and then dominates the line from Weihsien to the port of Lungkow, she thus obtains control of the essential link in a through Japanese transportation system from the heart of Shantung to the uttermost end of South Manchuria. The immense coolie traffic which has heretofore passed over and contributed to the prosperity of the Chinese Government Railways, will be thus diverted to the Japanese system. In other words, millions of dollars are transferred from the treasury of the Chinese Government to the coffers of the Japanese Government controlled South Manchuria Railway Company, and its allied interests. It constitutes one of the most callous exhibitions of diplomatic brigandage on record. The loss of this great revenue by the Chinese Government line will impair the value of a security pledged as the guarantee of important loans largely held in Great Britain, in addition to depriving the Government from the enjoyment of its legitimate sources of revenue. There is only one equitable solution to this, and that is for the Chinese Government to have full control of the Shantung railways with authority to impose such rates, as will protect its interests in other quarters. Otherwise if Japan insists on the right to finance the line and compel its termination at Lungkow, it is equivalent to forcing the Chinese Government to borrow $5,000,000 gold at 85 at 5 per cent. interest, and other perquisites, in order to create the machinery to loot her treasury of at least $2,000,000 per year.

THE MANCHURIAN TREATY.

The second treaty entered into between China and Japan consisted of nine clauses relating to Manchuria, the first clause of which reads:—

When Russia obtained the concession in 1896 for the Chinese Eastern Railway, provision was made for the reversion of the property to China after eighty-five years, without payment, and the right of purchase at the expiration of thirty-six years after completion. As the line was open to traffic in 1902 this placed the date when China would have the right to purchase the line, in 1938, or twenty three years hence. On March 27, 1898, Russia further obtained from China the lease of the Kwangtung Peninsula for twenty-five years and the right to construct the South Manchuria Railway under the same terms as the Chinese Eastern line. Japan's victory over Russia brought with it succession to the rights of the South Manchuria Railway and the lease of the Kwantung Peninsula. It will be seen therefore that the lease expired in 1923 or less than eight years hence, while the right to control the railway extended to 1938. The administration of the railway is of no political and little commercial advantage to Japan, without an extension of the lease in which the political control has its basis. How to obtain China's free consent to its extension before its expiration has been one of the most difficult political problems confronting Japanese statesmen for the last few years. It was recognized that if a stable Government was established in China and the country regained its financial feet, and created a modern army and navy, she would never willingly consent to an extension of the lease without some compensating advantages. As long as other Powers were loaning money to China, and standing sponsor for her independence and integrity, and urging her to purchase arms and ammunition, war ships and other implements of defense, this problem became a nightmare to Japan from the political viewpoint alone, as her only chance to maintain her hold in Manchuria, meant that she would have to fight for it. The question of the extension of the lease also seriously interfered with Japan's economic program in Manchuria, for after the first few loans secured on the railway, she found it increasingly difficult to persuade financiers to advance further funds, because of the short unexpired time of the lease. This point reached a climax five years ago, when her

overtures for a large loan secured on the railway was turned down in the international money markets. In fact the value of the railway as a security for further loans has ceased to exist owing to the short unexpired terms of the lease.

JAPAN'S OVERWHELMING NECESSITY.

It will be clearly seen that Japan's entire future in Manchuria was at stake and hinged on her being able to secure China's consent to the extension of the lease, not at its expiration in 1923, but immediately. Those familiar with the vital importance of the situation have been waiting to see just how Japan would act, in view of her oft repeated assurances of friendship for China, and the attitude of the other Powers towards the preservation of China's sovereignty. It has been clear to all competent observers that it was far from Japan's intentions to deal honorably with China and offer her some *quid pro quo* for the promise to extend the lease. Coercion was to be applied, whenever a suitable pretext could be found or manufactured. The necessity of always having some outstanding questions with China, and the wisdom of constantly creating new sources of trouble, with an eye to the extension of the lease was therefore forced on Japan as part of her policy towards her weaker neighbor. This in part accounts for her past unreasonable attitude. Japan was simply building up a case that would serve as the pretext for her demands when the opportune hour arrived. Time after time has China been forced to apologize and pay indemnities to Japan on the flimsiest pretexts, and various trifling questions have been deliberately left unsettled so as to form the basis of "strong" action when the time became appropriate. The danger confronting China was fully appreciated by the Chinese Government, and their readiness to comply at once with Japan's outrageous demands in these minor troubles, is explained by the menace which was always hidden in the background. The war in Europe swept away all these contemptible issues that Japan had sedulously created to justify her coercion of China. The big opportunity to force Germany out was presented, and to use the 99 year lease of Kiaochao as the lever for obtaining China's consent to the extension of the Kwantung lease. This was undoubtedly Japan's purpose when she announced at the outset of the war with Germany that Kiaochao would eventually be restored to China. Her

first intentions were evidently honest, but the temptation to take an unfair advantage, was too great to resist, and the Government was swept away by the wave of jingoism which surged over the Empire after the occupation of Tsingtau.

Germany's lease of Kiaochao, Britain's lease of the Kowloon Extension, and France's lease of Kwang-chow Bay, were stipulated at 99 years, while Russia modestly asked for only 25 years in Port Arthur and Dalny. This of course constituted a gross violation of equal opportunity and a discrimination against Japan, which became unbearable when carried to the extreme of acting as an impediment to the raising of funds for the exploitation of the territory, when China could so readily have made it all right by an immediate consent to the extension of the lease.

JAPAN'S "BENIGN" POLICY.

There has been so much praise in America of Japan's benign policies in China, by those unfamiliar with the real trend of political currents in the Orient, and ignorant of the fundamental issues, that I desire to emphasize, at the risk of tiresome reiteration, the imperative economic necessity of Japan in forcing China's immediate consent to the extension of the lease of the Kwangtung Peninsula. If the European war had not provided the opportunity, the issue would have been forced on China as the outcome of the many so-called outstanding "troublesome questions" deliberately created and allowed to hang over by Japan so as to provide the necessary face saving pretext for the grand *coup*. If real friendship for China existed in Japan, or any desire to be just, a way would have been found to approach China openly and honorably with some offer of compensating advantages in exchange for the valuable privileges embraced in the extension of the lease. The Chinese Government although reluctant to perpetuate these symbols of her impotence, would have met Japan half way in any friendly overtures based on a recognition of her sovereign rights and the laws of equity and justice.

Japan's financial position was desperate. The country was overburdened with debt. She had no remaining domestic assets to serve as the security for further large loans. Her rich Manchurian properties were valueless for raising funds because of the short term of the lease. True, the railway would have re-

mained under her control until 1938, but its commercial value would have been greatly impaired without political control of the deep water terminals at Dairen and the fortress of Port Arthur. China would never have meekly consented beforehand to the extension of the lease without some reciprocal advantage, and as Japan's policy never contemplated any such honorable offer, the coveted concession was to be extracted by force.

Is this action on a par with Germany's much censured and condemned application of the Mailed Fist at Kiaochao, or does it stand apart as a glowing tribute to Japan's altruism and expression of good will and honorable intentions towards China?

JAPAN'S OFFICIAL COMMUNIQUE

Issued by the Japanese Government from Tokio on May 7 and Circulated by Reuter's Telegraph Agency

The Imperial Government have, in the demands lately presented to the Chinese Government, made it the main object to adjust matters to meet the new situation created by the war between Japan and Germany and to bring closer the friendly relations subsisting between Japan and China and thus ensure the permanent peace of the Far East. In formulating these demands, they have taken special care to avoid those which might have been deemed to conflict with the principles of territorial integrity, equal opportunity and the open door, which Japan has, from time to time, declared to the Powers in regard to China. Accordingly these demands include among others those relating to the disposition of German rights in Shantung, those relating to the recognition of the special position and interests of Japan in South Manchuria and Eastern Inner Mongolia, and those relating to the solution of various questions which for many years, have been pending between the Japanese and Chinese Governments.

Group I. Contains demands relating to the Province of Shantung.

The first article demands an engagement on the part of China to consent to all matters which may be agreed upon between the Japanese Government and the German Government with regard to the disposition of all rights, interests and concessions which in virtue of treaties or otherwise Germany possesses in relation to the Province of Shantung.

The second article demands an engagement on the part of China not to alienate or lease to another Power the Province of Shantung or any portion of it or any island lying near the coast of the said Province.

Article 3. China shall grant to Japan the right of construction of a railway connecting Chefoo or Lungkou with the Tsinanfu-Kiaochau Railway.

Article 4. The Chinese Government shall open the principal cities of the province of Shantung for the residence and trade of foreigners.

Group II. Contains demands relating to South Manchuria and Eastern Inner Mongolia. The first article demands the extension of the terms of lease of Port Arthur and of the South Manchuria and Antung-Mukden Railways to a period of ninety-nine years. The second article demands that Japanese subjects shall be permitted to lease or own land necessary either for erecting buildings of various kinds for commercial and industrial uses or for agricultural purposes. The third article demands that Japanese subjects shall be permitted to reside, travel and carry on business of various kinds, commercial, industrial or otherwise. The fourth article demands that Japanese subjects shall be granted the mining rights of certain specified mines. The fifth article demands that the consent of the Japanese Government shall be obtained in advance when China proposed to grant a railway concession to subjects of a third power or to procure a supply of capital from a third power for the construction of a railway or to raise a loan from such power on the security of duties or taxes. The sixth article demands that the Japanese Government shall be consulted before the engaging of advisers or instructors regarding political, financial or military matters. Article seven demands that the management and control of the Kirin-Changchun Railway shall be transferred to Japan for the term of ninety-nine years.

Group III. Contains demands relating to the Hanyehping Company. The first article demands that having regard to the close relations between Japanese capitalists and this Company, the Chinese Government shall agree to the placing of the Company under joint Japanese and Chinese management and not to dispose or permit the Company to dispose, without the consent of Japan, any rights or property belonging to the Company. The second article demands that owing to the necessity for the protection of the interests of Japanese capitalists, the Chinese Government shall engage not to permit, without the consent of the Company, any one other than the Company to work mines situated in the neighborhood of those belonging to the Company and also to obtain previous consent in case it is proposed to take measures which may be deemed to affect the Company directly or indirectly.

Group IV. Contains demands relating to the non-alienation of the coast of China or islands off the coast. The Chinese Government shall engage not to alienate or lease to a third Power any ports or bays on, or islands off, the coast of China.

Group V. Propositions relating to the solution of pending questions and others.

Article 1. The Central Chinese Government must engage influential Japanese as political, financial and military advisers.

Article 2. The Chinese Government must recognise the right of Japanese to land for building Japanese hospitals, temples and schools in the interior of China.

Article 3. The police in localities where such arrangements are necessary must be placed under joint Japanese and Chinese administration, or else Japanese must be employed as police officers in such localities.

Article 4. China must obtain from Japan a supply of a certain quantity of arms, or else must establish arsenals in China, under joint Japanese and Chinese management, and these must be supplied with experts and material from Japan.

Article 5. Japan must be given the right to construct a railway connecting Wuchang with the Kiukiang-Nanchang line and with the Nanchang-Hangchow railways.

Article 6. In view of the relations between the province of Fukien and Formosa and the agreement respecting the non-alienation of Fukien, Japan must be consulted whenever foreign capital is needed in connection with railways, mines and harbor works, including dockyards.

Article 7. The Chinese Government must recognise the right of preaching by the Japanese in China.

With regard to the province of Shantung, China absolutely lacks, it is clear, in her present condition, the power to prevent Germany from recovering her influence in that province and from becoming in future again a source of disturbance in the Far East. It is, therefore, natural that Japan, who has at great sacrifice driven Germany out of Shantung, should present the above-mentioned demands, in order to consider how the rights possessed by Germany should be disposed of, and to take measures to prevent the recrudescence of German influence.

Japan's relations with Manchuria have always been especially

close geographically, politically and from the point of view of commercial and industrial interests. Since those relations have been strengthened by two successive wars the predominant position of Japan in that region has been recognised both at home and abroad.

The case is almost similar in regard to Eastern Inner Mongolia.

Further for the advancement of the intimate relations existing between Japan and China, no effort should be spared to solve definitely on this occasion all pending questions which are likely to lead to difficulties with China and at the same time to make an agreement with a view to prevent future misunderstandings. The Japanese Government, fully expecting that the Chinese Government would value the friendly sentiments existing between the two countries and willingly accede to the Japanese proposals, urged them to carry these matters into effect, whereas, in other matters China's consent was demanded by reason of treaty and other rights.

With regard to the demands, which were formulated after careful and mature consideration, on the basis of the principles above referred to, the Chinese Government, in disregard of the understanding which was made at the commencement of the negotiations to keep the proceedings of the conferences strictly secret, made public the Japanese proposals, in various exaggerated forms and endeavored to stir up the feelings of the Powers against Japan. They caused the matters discussed at the conferences to be published invariably in the newspapers, with a view to hindering the progress of the negotiations; by fabricating news detrimental to Japan and they attempted to shake the confidence placed by her ally in Japan. They even demanded the unconditional retrocession of Kiaochow and an indemnity for the damage caused by the war between Japan and Germany, and thus they showed from the first a lack of a sincere desire for a satisfactory conclusion of the negotiations. Moreover, although the Japanese Government fully showed its sincerity by repeatedly explaining the motives of the demands and endeavored to hear China's unreserved views on the matter, it is an undeniable fact that the Chinese authorities failed to appreciate the friendly attitude of Japan and persisted in protracting the negotiations. Twenty-five conferences were held in all, extending over more than three months and throughout these conferences the Japanese Govern-

ment exhausted every means of arriving at a satisfactory solution, but the Chinese Government, although they showed a disposition to agree to the demands relating to the province of Shantung, yet with regard to South Manchuria put various restrictions upon the most important demands, namely those relating to the rights regarding land tenure and objected to those relating to Eastern Inner Mongolia and various questions enumerated under Group V. on the ground that they were derogatory to the sovereign rights of China or conflicted with treaties with other Powers and, although the Japanese Minister explained that such was not the case, they refused to listen. But, recognising that a satisfactory conclusion of the negotiations was most important for the maintenance of peace of the Far East, the Japanese Government treated the Chinese contentions with every consideration, making very great concessions. In a spirit of conciliation they amended their proposals and presented their revised draft to the Chinese Government on April 26. In the revised draft the contentions put forward by the Chinese Government were taken into consideration. In this draft, as regards Eastern Inner Mongolia, the demands were confined, for the present, to absolutely necessary matters; those relating to the Hanyehping Company were confined to matters which had been admitted by the Chinese Government at the conferences. As regards the demand respecting the non-alienation of the coast, the form desired by the Chinese was accepted. The proposals relating to advisers, ownership of land for schools and hospitals, and the position of the province of Fukien were all altered in accordance with the views expressed by the Chinese representatives at the conferences. As regards South China railways, the relations with third parties especially were respected and alterations were made accordingly. The question of the right of preaching was reserved for future negotiations. Those relating to police and the ownership of sites for temples were withdrawn.

More Articles Added in Revised Draft

The revised draft is therefore practically as follows:—

Group II. Eastern Inner Mongolia is excluded from the proposals respecting South Manchuria and Eastern Inner Mongolia and the second and third articles are amended as follows:

Article 2. Japanese subjects shall be permitted in the region

of South Manchuria to lease or buy land necessary for erecting buildings, of various kinds for commercial and industrial uses or for agricultural purposes.

Article 3. Japanese subjects shall have liberty to enter, travel and reside in the region of South Manchuria and carry on business of various kinds, commercial, and industrial, and otherwise.

The fourth article, referring to the preceding two provisions, says that Japanese subjects shall produce before the Chinese local authorities passports duly issued and registered by the said authorities. They shall also observe Chinese police laws or regulations approved by the Japanese consuls and pay to the Chinese authorities taxes approved by the Japanese consuls. In civil, original suits the Japanese consul, where a Japanese subject is defendant, and a Chinese official, where a Chinese is defendant, shall respectively try and decide the case, both the Japanese consul and the Chinese official being permitted each to send an authorized agent to attend the trial and watch proceedings, provided that in a civil suit concerning land between Japanese and Chinese the case shall be examined and decided jointly by the Japanese consul and a Chinese official according to the laws and local customs of China, provided further that in future when the judicial system in the said region shall be completely reformed all civil and criminal suits involving Japanese subjects shall be wholly tried and decided by Chinese courts.

Proposals relating to Eastern Inner Mongolia:—

The first article demands that China shall permit joint enterprises of Japanese and Chinese in agricultural and auxiliary industries, the second that China shall consult Japan first in case China contemplates contracting either railway loans or secured by taxes, and the third that China shall increase the number of open markets.

Group III. As regards the Hanyehping Company the Chinese Government shall engage to approve of an agreement that may be concluded in future between the Company and Japanese capitalists for a joint undertaking, and agrees not to confiscate it nor to nationalise it without the consent of interested Japanese capitalists and not to permit it to contract any foreign loan with other than Japanese.

Group IV. As regards the non-alienation of Chinese coasts, the Japanese Government will be satisfied with the declaration as suggested by the Chinese Government.

Group V. As to the other points the following shall be kept on record:

Article 1. That the Chinese Government will in case of necessity in future employ Japanese advisers.

Article 2. In case Japanese subjects desire to lease or purchase land for the purpose of building schools or hospitals in the interior, the Chinese Government will permit them to do so.

Article 3. The Chinese Government will some day in the future send military officers to Japan in order to make arrangements directly with the Japanese military authorities either for the purchase of arms from Japan or for establishing an arsenal [? arsenals] in China under Sino-Japanese management.

Article 4. The Chinese Government will grant Japan her desired railway concession in South China in case it becomes clear that there is no objection in this respect on the part of any other Power, or that the Chinese Government will refrain from entering into any agreement with any other party concerning the railway lines in question until Japan may, independently of the present negotiations with China, reach an agreement with the party whose interests, in the opinion of the Chinese Government, are opposed to the proposed lines.

Article 5. The question of freedom for preaching by Japanese missionaries will be left over for future discussion.

The proposal for joint administration of police is withdrawn.

As to Fukien province the Chinese Government must engage in some form that they will not grant to any other power the right to build a shipyard, coaling or naval stations, or any other military establishment on or along the coast of Fukien province, and further, that the Chinese Government will not allow any such establishment to be built with any foreign capital on the coast of the said province.

At the same time as the presentation of the revised draft, the Japanese Government declared to the Chinese Government that if, at any peace conference upon the conclusion of the present war, Japan should be given the free disposal of Kiaochow which she acquired at enormous sacrifice, she would return it to China subject to certain conditions, of which the principal ones were as follows:

The opening of Kiaochow Bay as a commercial port.
The establishment of a Japanese concession in a locality designated by the Japanese.

The establishment, if required by the Powers, of an international settlement and arrangements between the Japanese and Chinese Governments regarding the disposal of the German public structures and properties.

Germany having after many years labour and heavy expenditure of money converted Kiaochow into an important military and commercial port, as the basis of her expansion in the East, German influence in this part of China grew with the development of Kiaochow and became so firmly established that it was utterly hopeless for China, singlehanded, to regain possession of the leased territory. Japan, desiring to remove this source of danger, which might in future again disturb the peace of the Far East, captured it at no small cost of life and money, and now that it is in her hands, she is almost at liberty to dispose of it at will. She is certainly under no obligation to return it to China, but she offered of her own will to return Kiaochow because she was anxious to promote friendly relations with China and to maintain the general peace of the Far East. The Chinese Government have, however, failed to reciprocate Japan's sentiment of accommodation and conciliation, and on May 1, presented a counter-draft which they declared to be their final answer.

In this counter-draft, the Chinese Government recognise with regard to South Manchuria the right of residence, trade and leasing land by Japanese subjects in the interior, but refuse to grant long leases.

The Chinese Government also demand that Japanese subjects shall submit to Chinese police laws and regulations, be liable to

the same taxes and duties as Chinese, and all actions arising out of land disputes, whether between Japanese and Chinese, or between Japanese themselves, shall come under the jurisdiction of Chinese courts.

As regards Eastern Inner Mongolia, they put limitations on the extent of that region and refuse to permit the main point of the Japanese demand, which is the joint enterprise of Japanese and Chinese in agriculture and auxiliary industries.

Further they demand at the same time the unconditional surrender of the leased territory at Kiaochow, and the recognition of the right of the Chinese Government to participate in the coming peace negotiations between Japan and Germany.

Indemnification by Japan for all losses suffered by China in consequence of the Japan-German war.

The immediate removal of various military establishments of the Japanese army and the prompt evacuation of occupied territory.

They also refused all the proposals contained in Group V. of the Japanese amended project except that relating to Fukien. In this counter-draft the Chinese Government, still further in disregard of responsible statements made by their representatives at the conferences, revived in some cases articles which had already been withdrawn and in others made alterations in matters which were agreed to. Moreover, they make demands to which it is clearly imposssible for Japan to accede, such as those for the unconditional surrender of Kiaochow and indemnification for losses incurred through the Japan-German war. Furthermore, the Chinese Government declare that their counter-draft formulates their final decision. Accordingly, so long as Japan, refuses to accede to these demands whatever agreement may have been arrived at on other points must ultimately be abortive and the terms offered by China prove illusory. The Japanese Government deeply regret to perceive from the attitude of the Chinese Government that it is no longer any use to continue the present negotiations. Nevertheless, being desirous, with a view to the maintenance of peace in the Far East, to make every effort to bring the negotiations to a satisfactory conclusion and thus to avoid complications in the situation, the Japanese Government, taking fully into account the wishes of the Chinese Government,

decided with great forbearance, to leave out of the present negotiations and reserve for future discussion all items specified in Group V. of the amended draft, except that relating to Fukien, about which an agreement has been reached. The Japanese Government instructed their Minister at Peking on May 6th that, in conveying this decision to the Chinese Government he should earnestly advise them to give due regard to Japan's sentiment of accommodation and conciliation and express after careful consideration their assent without delay to the Japanese amended draft and at the same time announce that the Japanese Government expect from the Chinese Government a satisfactory response to this advice not later than six p. m. on 9th May.

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REORGANIZING AMERICAN DIPLOMACY IN THE EAST

OUR NEW MINISTER TO CHINA, THE STATE DEPARTMENT, AND THE PROTECTION OF OUR TRADE INTERESTS IN THE EAST

By JEREMIAH W. JENKS, Ph.D., LL.D.
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The appointment of Charles R. Crane as United States Minister to China comes at a most significant time. For the best part of a year now our legation at Peking has lacked a head, caused by the resignation of the Honorable Paul S. Reinsch following the failure of the Peace Conference to place Chinese rights above Japanese diplomatic skill. During 1919, we further know from the revelations of Secretary Lansing himself, that he and the President were in disagreement over many matters of policy directly affecting our interests in China.

The Peace Conference notwithstanding, America's interests in the East have suffered from what has really been a policy of marking time, while other nations, especially Japan, have been alert and active. These conditions have brought the United States to a thoroughly disadvantageous position where action is needed to avert diplomatic reverses upon the Pacific which will affect us for the next generation. The appointment of Charles R. Crane as our representative in China has thus great interest because of its peculiar bearing on the Far Eastern situation.

The new Minister to China is a stanch supporter of President Wilson; but Mr. Crane has nevertheless his own well-formulated ideas on the Eastern situation antedating his allegiance to the President. During President Taft's administration, it will be remembered, he was appointed our Minister to China, but resigned in 1909 before assuming official duties. His interest in the East brought him out to China during the closing period of the Great War, where he was generally regarded as an unofficial emissary of the

President, and he came into close touch with leading Chinese and Japanese statesmen. The impression made was that Mr. Crane is distinctly in sympathy with the Chinese Republic's efforts to modernize herself in the face of great domestic difficulties and grave complications from without the country. Indeed, a great deal of China's faith in President Wilson and the United States grew out of the Crane mission as the climax of Minister Reinsch's efforts to solidify Chinese-American friendship; and this, we trust, has not been lessened by the outcome of the Peace Conference which has been so different for China from the hopes she entertained at the time Mr. Crane was in the East.

The fact that the new Minister has been a strong supporter of China in her appeal for fair play is significant. The incoming Secretary of State has not hitherto manifested especial interest in the Far Eastern situation; but there must be harmony of views between the two newcomers in the State Department organization unless Minister Crane is being sent out to China to be buried politically or thwarted at every turn. In short, not only are Mr. Crane's views on the Far East thoroughly known by the President; they must presumably have also the acquiescence of the President's appointee to the State Department.

This situation raises new hopes that President Wilson's repeated declarations of sympathies with China's difficulties will be manifested in actions more strongly carried out than in the past. These changes come at a critical time in our relations with the Far East—changes, it is hoped by all who have America's interests on the Pacific at heart, for the more effective protection of American rights in the East. A strong policy is needed to handle the situation which has grown up in the Orient since the Peace Conference. China has come to the end of her resources; only large-scale assistance from the Powers as a whole can avert a catastrophe. Yet the Consortium which is to provide the means for the financing of China's reconstruction has been deadlocked for months by the attitude of one of our associated Powers. Interference from without continues to complicate the great difficulties in the way of reconciling the two groups struggling for supremacy in China; this must be ended by real co-operation among the Powers; and American leadership only can meet the very grave obstacles in the way of a wholesale reorganization of China.

Behind the diplomatic firing line, however, are economic considerations of great moment. These may be summarized as (1) the establishment of a Federal Incorporation Act for American business interests operating in China; (2) the passage of congressional legislation providing for a national trade mark; (3) the protection of our cable and wireless communications on the Pacific essential for the development of our overseas business; (4) the reorganization and extension of governmental aids to business in foreign markets.

The legislative program is essential to the protection of American interests in China, for the Japanese acts in using American trade marks on account of the boycott and the elimination of British incorporation of American firms at Hongkong gravely affect the conduct of American business. Our good-will is a great asset in the Chinese trade, as Japanese firms, hard hit by the Chinese boycott of products handled by Japan, well know. Already this is being used by Japanese manufacturers and traders to escape the effectiveness of China's nation-wide boycott; and they are extensively labelling the "low-grade" Japanese goods to imitate American products and escape the Chinese hatred so effectively expressed in economic terms. We need a national trade mark which will prevent other nations from stealing America's good-will in China—something we have secured by clean diplomacy, honest business, friendship and disinterestedness.

Even more serious is the action of the British government in enacting legislation which strikes a serious blow to American business operating in China, though the British legislation is inspired by what has been learned about German companies masking under English nationality in the East prior to the Great War and is in nowise directed particularly against American interests. Because the United States has never provided any means by which our extensive business houses domiciled in the Orient could get American incorporation—we having no such federal legislation—it has been customary for our concerns to register themselves locally at Hongkong, under the laws of the British colony, for business in China. In self-protection, the British have enacted an ordinance requiring that the executives, etc., of companies organized under the Hongkong law be British subjects. The two great interests affected are Chinese and American, but the former can easily evade the stipulation by finding Chinese who are British subjects. The American enterprises thus threatened consist of shipping companies, manufacturing concerns, insur-

ance and realty interests, lumber businesses, and hotel operators. Speedy relief must be offered; and this may be accomplished by the passage of a federal incorporation act such as Senate bill No. 5194 now pending in congress.

The fact that the majority of American business deals with the Orient are carried on by cable, subject to mail confirmation, makes the communications situation on the Pacific a serious impediment in the way of American enterprise in the Orient. In the first place, even with the assistance of wireless communication, the cables are inadequate. Secondly, the element of secrecy essential in business operations is lost in the use of the wireless, necessitated by the inadequacy of cable service; and this has been most detrimental to our interests in meeting competition in the Far East. Thirdly, in the allotment of colonial mandates on the Pacific, the awarding to Japan as mandatory of the strategic island of Yap seriously affects the security of our cable communications and as yet, at any rate, blocks—as has been the case throughout the Great War, due to the sealing of the former German cables—the possibility of using a safe alternate route in case of breaks in direct American cable communication with the East.

Finally, the attempt in congress to cut the estimates of the Department of Commerce for the extension of our trade overseas, though defeated for the time, points to the need for an effective reorganization of government agencies for the development of trade. In some quarters, the attempted cut in estimates for the personnel of Department of Commerce officials attached to our legations and embassies has been interpreted as an attempt on the part of the State Department to control all commercial and diplomatic sources of information. Such a step would be directly against the interests of American commerce. What is needed is channels for the speedier collection, transmission, and dissemination of commercial intelligence regarding foreign trade—nowhere more than in the Far East. As a matter of fact, a thorough overhauling of our machinery for the gathering of commercial information would be a great step forward.

It is evident that the work of the Department of Commerce and that of the State Department have not been properly co-ordinated. This, however, will not be bettered by cutting down the appropriations of one department of the government without duly increasing the facilities of another. American interests abroad demand a rapid, effective gathering of information, quick transmission to the United States, the rapid selection of material diplomatically expedient to be made public, and the great expansion of means to spread it far and wide.

At present we have not enough of these facilities which are vital to our foreign trade. The Department of Commerce not only is hampered by the attempted assault on the channels of information that it is establishing in foreign countries; it lacks in Washington the necessary funds for the organization of the work in this country so as to place it before the business man in every commercial center in the country. It should have proper facilities in every important city in the country, yet even in New York itself the offices of the Bureau of Foreign and Domestic Commerce—through which this information is made available locally—are too much restricted as to space and funds to do the most effective work.

These are conditions which cannot be allowed to continue if we are to develop our world trade effectively. Yet if the United States does not establish permanently her present position in foreign fields, our domestic production will become curtailed of necessity and grave economic problems of tremendous dimensions will arise. War conditions are passing rapidly; no longer have we a virtual monopoly in the supplying of finished goods to many markets. The European manufacturing countries are coming back, and in this heightening competition it is essential that every step be taken to protect our foreign business interests instead of loading them with legal disabilities, poor means of communication, and restricted governmental aid and information as to what is happening overseas.

If the United States will apply itself to the business of foreign trade in the spirit in which it mobilized itself for our part in the Great War, these difficulties will be overcome speedily. Action, however, is needed quickly, for foreign trade awaits the pleasure of no single country now that the war is over.

WHY THE SENATE APPROVAL OF THE SHANTUNG RESERVATION PROTECTS AMERICAN INTERESTS IN THE EAST

THE FAILURE OF JAPANESE OBJECTIONS OF GREAT SIGNIFICANCE

By CHARLES HODGES

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Notwithstanding the warning of Japan's unofficial spokesman in the United States, the Shantung reservation preserving America's freedom of action in the Orient, had the treaty been ratified, was decisively approved by the Senate.

The utterances of Japanese leaders and the trend of opinion reflected in the Japanese press during the progress of the controversy in the United States clearly indicated the importance from the viewpoint of Japan that no such action be taken by the Senate. It is evident that the American position on the Shantung settlement either was not understood by the Japanese, or they have been determined to involve us in an underwriting of the "compromise" accepted by President Wilson in those April days of the Paris Conference

That first supposition—the Japanese not comprehending our attitude—conflicts too much with the well-known keenness of Japan's astute statesmen. As a matter of fact, the motives inspiring the United States in the Shantung controversy are not at all obscured. Our position, of course, is that this country cannot lend its support to a settlement not only violating our tacit pledges of assistance to the Chinese Republic, but which might oblige us to uphold an arrangement no one defends excepting on the ground of diplomatic expediency. Moreover, it would be the acceptance of an arrangement which has been amply demonstrated to contain elements directly affecting our own interests in China as a Pacific Power.

Therefore Americans are safe in assuming that Japan resorted to President Wilson's method of direct appeal to the people in warning the Senate that Japan would regret the passage of the Shantung reservation, a declaration on the part of the United States which has for its sole purpose the elimination of our country from any moral obligation to support or condone a wrong being perpetrated upon China.

It is well to remember that the United States was largely responsible for China's entrance into the Great War. It was a time when Chinese statesmen were suspicious of the Allies, as our minister to China was directly informed; this distrust was well-grounded, for, as we now know, Japan was then making the secret treaties of 1917 behind the backs of China and America while our tacit assurances were being given Chinese statesmen that we would support their claim to the former German interests in Shantung.

It is also well to remember that the circumstances directly preceding the opening of the Peace Conference made it essential that we support China to the end—not merely to the moment of test, when the decision of the United States was all-important. Those of us who were in Peking at the time of the armistice with any knowledge of what was going on within the inner diplomatic circles were aware that America fully understood what was to be China's course. As to what passed between the American legation and the Chinese plenipotentiaries on the eve of their departure for Paris, it suffices to say that a reaffirmation of our position taken in 1917 was not repudiated by the State Department.

What happened at the Paris Conference, to all intents, was that America was bound, if she approved, substantially to accept the secret treaties of 1917 forced by Japan upon her allies. The Shantung "compromise" in reality gave Japan virtually all the desiderata she could claim under the secret treaties, when diplomatic verbiage is cleared away. It was our mistake at Paris that this settlement ever seemed possible for the United States; the general dissent of the country, as well as the marked objections to it from a majority on both sides of the Senate, revealed clearly the real sympathy of the United States in the dispute.

This is at the bottom of the Japanese move—that the United States, barring the President, is determined to maintain our policy of holding aloof from the hard bargain Japan drove with Britain, France, Italy and Russia at China's expense. It is not too much to say the demonstration of America's disinterestedness given through the action of the United States Senate regarding the Shantung clauses in the Peace Treaty not only saved our prestige in China; it gave the Chinese people the only encouragement that any Great Power offered our Pacific neighbor in the trying year since the Peace Conference.

China's persistent refusal to deal with Japan directly over the Shantung settlement, as embodied in the German Treaty, has been largely the result of the position taken by the United States. It has been a vital factor in the economic boycott which the Chinese people have invoked against the Japanese aggressive tactics. The leaders of the Young China who kept even the pro-Japanese elements in the Peking Government in line against the Shantung settlement are the very product of America's stand. Little wonder that Japan has made every attempt to get the United States to withdraw our opposition to the arrangement.

We are now on the eve of offering extensive financial aid to China. It affects Japanese plans fundamentally; nothing would have pleased the Japanese Military Party controlling Japan's destinies more than to be able to say that the United States after all had failed to maintain its announced purpose of seeing justice done China at this critical moment. The news would have been heralded the length and breadth of China by Japanese sources that the United States had found herself unable to stand out against Japan's claims and that the failure of the Shantung reservation in the Senate meant that America had given up China's fight. Diplomats familiar with Japanese tactics in the East know that we should have been as unscrupulously misrepresented as at the time of the premature publication contrary to Viscount Ishii's understanding with Secretary Lansing of the Ishii-Lansing Agreement by Japan's official channels throughout China, dangerously distorting the pact's terms, as was recently pointed out by Mr. Lansing himself at an official hearing on the subject.

Of course, the present situation bothers Japan.

China's refusal to deal with the Japanese shows the Mikado's Land up in an unpleasant light and prejudices Japan's occupation of Shantung by the very real uncertainty of the future. Our part in this has been large; but international equity would dictate the course we have taken, if our own material interests did not demand it. We have nothing to fear from standing by China and keeping ourselves free from any underwriting of the Japanese purposes in the Far East. As far as Americans are concerned, we should remember that the Shantung settlement was based on secret diplomacy deliberately consummated, even though it may have been under severe pressure, by our allies behind our backs; that it was written into the Peace Treaty, as President Wilson admits, by the conventional tactics of diplomatic blackmail; and that, if it is now fastened on China, it will be by coercion over the protests of the Chinese people through devious methods of statesmanship.

FAR EASTERN FINANCE AND COMMERCE

PHILIPPINE TRADE FOR 1919

The record of the Philippine Islands for the year 1919 will go far toward convincing the world that the Philippines are permanently and successfully expanding their trade and developing their resources, according to Mr. Stanley P. Johnson, secretary of the Manila Merchants' Association. Even the most enthusiastic and optimistic feared that the high degree of prosperity attained during the year 1918 could not be maintained, and although exports did decrease during 1919, the year marked definite progress in the trade of the islands. It may confidently be said that the year developed new standards of judgment for volume of trade, greater expectancy for future progress, and greater confidence in the ability of the islands to meet the problems of the future.

The past year shows an unfavorable balance of trade of $10,500,000. It is entirely probable that the present year will also show an unfavorable one, but even so, the islands can afford to pay the difference, and such balance will in no way operate against the prosperity of firms established there. Since 1914 a favorable balance of $85,500,000 has been accumulated and any small balances in the next year or two can be drawn against that sum.

TOTAL TRADE

The following table gives the imports, exports and total trade for the years 1914 to 1919:

	Imports	Exports	Total Trade
1914	$48,588,653	$48,689,634	$97,278,287
1915	49,312,183	53,813,004	103,125,187
1916	45,496,337	69,937,182	115,433,519
1917	65,796,825	95,654,306	161,451,131
1918	98,599,211	135,682,535	234,281,746
1919	123,639,052	113,127,761	236,766,813

The largest gains in imports for the year over those for the year 1918 were registered by iron and steel products, and automobiles and other luxuries, the former showing a gain of 15 per cent and the latter 54 per cent over the 1918 figures. Imports of paper also increased greatly. All of the other imports show increases with the exception of rice and fish and other food products, and of cotton cloths. Scarcity of rice in Oriental markets accounts for decreased import of food products, and large stocks of cotton goods held by local dealers account for the latter decrease. Outside of these commodities the gains were general in imports, showing the need of the people of the islands for the products of other countries and their ability to buy.

The commodities showing the greatest gains in export for the year were embroideries, which gained 50 per cent; cigars, 20 per cent; and raw sugar, 13 per cent.

At present all of the industries in the islands are in a prosperous state with the exception of hemp. There are some uncertainties attending the coconut oil business, but no large stocks are on hand and ultimate prosperity is assured.

DISTRIBUTION OF TRADE

The following table shows the percentage of trade with the various countries. It is interesting to note that while trade with the United States has steadily increased, that with Great Britain has become nominal:

	1914	1915	1916	1917	1918	1919
United States	49	48	50	60	60	57
Japan	6	6	8	9	13	7
Hongkong	2	6	3	4	..	2
Great Britain	11	22	12	8	8	7
Australasia	3	1	1	1	4	1
French East Indies	3	6	5	3	7	2

FINANCES

The following table shows the increase in currency circulation during the year 1919:

	Dec. 31, 1918	Dec. 31, 1919
Philippine Coins	$12,795,074	$12,089,473
Treasury Certificates	47,556,262	49,764,818
Bank of P. I. Notes	2,981,426	4,392,920
Phil. Nat. Bank Notes	2,203,679	7,041,268
Total	$65,536,441	$73,288,479

The cash balance in the treasury on December 31, 1918, was $86,500,000; on December 31, 1919, it was $66,500,000.

GROWTH OF BUSINESS

A total of 272 domestic corporations, aggregating $20,863,352 worth of authorized capital, of which $6,685,169 was subscribed and paid in, were formed during the year 1919 in the Philippines. Of this total, 59 were organized to exploit natural resources, 90 were commercial companies, 46 manufacturing companies and 77 were classified miscellaneously. In the natural resources group, there are 46 companies engaged in agriculture, with an authorized capital of $1,664,900. In the commercial group, the largest number, 51 companies, are engaged in the general mercantile business, with $5,344,250 capital. Eight rice mills are listed under general manufacturers, with a combined capital of $167,952.

Of the miscellaneous organizations, 30 are private schools, with $29,500. There were also 297 partnerships registered with the government in 1919, with a combined capital of $4,948,376; also ten foreign corporations, with a combined capital of $17,955,010. This record indicates with what rapidity new concerns are entering the field.

HEMP

Exports of hemp in 1919 amounted to 131,898 tons at a value of $26,861,526, as against 116,386 tons at $19,194,815 in 1914. At the beginning of the year stocks on hand in the Philippines and in England amounted to 380,000 bales and there were something like 250,000 bales on hand in the United States. On December 31, 1919, there were still on hand in the Philippine Islands more than 350,000 bales, in spite of shipments during the year of 375,000 bales to the United States and 545,000 to England, so it appears that the hemp situation at the end of the year was very little different from what it was at the beginning. Production has kept pace with consumption, maintaining constantly on hand large stocks from which to draw.

COCONUT OIL

Exports of coconut oil during 1919 amounted to 139,936 tons at a value of $36,859,752, as against 11,943 tons at $2,619,183 in 1914, and exceeded those of 1918 by 16 per cent. There is a tremendous world demand for copra, and either production must be increased or substitutes found such as peanuts, soya beans, kapok seed, rubber seed, etc.

TOBACCO AND CIGARS

In 1919, 20,172 tons of leaf tobacco valued at $6,229,605 were exported, as against 13,085 tons at $1,823,650 in 1914. Cigars to the extent of 392,334 thousands at $8,078,853 were exported in 1919, as against 154,753 thousands at $2,315,159 in 1914. Strikes in the United States created a great demand for the Philippine manufactured product instead of leaf tobacco, so that the export of leaf tobacco for 1919 showed a slight decrease from that for 1918, while cigars showed an increase over 1918 of $2,000,000.

SUGAR

In 1919 the Philippines exported 30,454 tons of centrifugal sugar, as against 28,000 tons in 1914; and raw sugar to the extent of 106,167 tons was exported, as against 342,000 tons in 1914. The sugar industry experienced a very prosperous year. World production was 2,000,000 tons less than in the preceding year, and with the countries at war unable to regain their full production of beet sugar, the world faced and still faces a serious sugar shortage. Prices have been high and Philippine sugar has been in great demand in the Japanese market. Large quantities of the muscovado grades were sold to China.

EASTERN CURRENT EVENTS

TEACHERS IN CHINA WIN BETTER PAY

Peking—The whole amount of the Boxer Indemnity relinquished by foreign powers is to be used as a reserve fund for educational purposes hereafter. This decision has been reached as one of the results of the recent strike of government school teachers, who demanded larger salaries and prompt payment in silver or bank notes instead of notes of a Chinese bank which have recently been accepted at only 50 per cent of their face value. These demands have been met by the ministry of education.

WILL PUSH TRADE BETWEEN ITALY AND FAR EAST

Rome—Closer trade relations between Italy and the Far East are now being sought by Italian manufacturers, who say they find a greater demand in the Orient than in western markets. Exhibits of Japanese goods in various cities of Italy recently, especially the one at Naples during the visit of the Japanese squadron there, have increased interest in Japanese goods. It is expected that freedom of commerce will be established soon except on cereals, sugar and other foods on which the state holds monopolies.

The recent provisions for the establishment of a Chino-Italian Bank, with head office at Tientsin and sub-offices in the provinces, the new Chino-Italian Steamship Company, the new chair of Oriental languages in Rome, and Italy's help in organizing Chinese aviation services all show that Italy is keenly alive to the importance of the Far Eastern commercial field.

DIRECT SHIPPING BETWEEN CHILE AND JAPAN

Tokyo—A new shipping firm, to be capitalized at over $1,000,000, is being formed by Japanese and Chilean merchants for the purpose of promoting direct trade between the two nations. It is planned to buy or build six sailing vessels of about 5,000 tons each for the service. Japan takes a great quantity of Chilean nitrates, copper and iron ores and other raw materials; and there is a great demand in Chile for Japanese cotton goods, glasswares, porcelains and other products, so that trade between the countries will be greatly facilitated by a direct shipping line.

ORIENTAL COMMENT

NEGOTIATIONS OVER THE SHANTUNG QUESTION

Shih Pao (Shanghai)—Japan has notified the Peking authorities that on account of the coming into operation of the Peace Treaty the Japanese government is prepared to open direct negotiations with China with a view to the restoration of Tsingtao. The Waichiaopu has answered in the sense that the case had better await the arrival of Minister Lu Cheng-hsiang. The people are outspoken against direct negotiations in any shape or form. We do not believe that there is anything to be gained by either opposing Japan's offer or agreeing to enter into negotiations. Japan has been given clearly to understand what has been and what is still China's attitude regarding the Shantung question. The very fact that China's signature was withheld from the Peace Treaty, coupled with her firm decision of reserving the case for the decision of the League of Nations, shows that any efforts to entertain Japan's tempting offers to this juncture are as imprudent as they are time-wasting. Thus it is clear that if the government is at all conscientious in following the will of the people, it will on no account open direct negotiations, even if there has been no fresh opposition raised against direct negotiations.

Hsin Shen Pao—The formation of the League of Nations constitutes a new era in the history of international co-operation. Hereafter nations will base their policies on justice and righteousness and we shall see our past dreams of an ideal world become realities. Our hopes for the success of the League of Nations are by no means confined to the Shantung question only because we fully expect that once the League is in operation the future peace of the world will be safeguarded in perpetuity. However, the Shantung question will serve as the initial test of the efficiency of the League and that is why we have been praying for the unqualified success of the noble ideals which have brought the League into existence, and that is why we insist that the fair settlement of the Shantung question is really essential for inspiring the world at large with confidence in the usefulness of the League as a world peace factor.

Chung Hua Hsin Pao (Shanghai)—Japan is attempting to open direct negotiations with China regarding the question of Shantung, and as China sought the restoration of the rights wrested from her by Germany, the offer of Japan to open negotiations with China for the eventual return of Tsingtao seems worthy of China's attention. But this would be a wrong view of the case because Japan's position today is based on the Twenty-One Demands, and as China has assured the world that these demands were imposed on China at the point of the bayonet, it is plain that China would be unwise to run the risk of creating misunderstanding by entering into any negotiations with Japan at this juncture when the League of Nations will soon begin its work of readjustment of outstanding international issues. Will the people not stand together and see that the government is not misled to take any course that will throw her into the pitfall of Japanese political manoeuvres?

OFFICE CHIEF OF STAFF
Executive Division
Ref. Sec. Records
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In reply
refer to No.

HEADQUARTERS PHILIPPINE DEPARTMENT,
INTELLIGENCE OFFICE,
MANILA, P. I.

WAR DEPARTMENT

December 27, 1919.

NOTED M. I. 2
Noted, J. M. D.
MAJOR CA[illegible]WELL.
M. I. 4F-H. L. C.

From: Department Intelligence Officer.

To: Director of Military Intelligence,
Washington, D. C.

Subject: Mr. Geo. Bronson Rea, and Chinese affairs.

1. The following letters (1) from Mr. J. B. Powell, Editor Millard's Review, enclosing (2) circular letter of Mr. Geo. B. Rea, are repeated for your information.

1. Mr. Powells letter follows:

" December 16, 1919.

Major E. R. Wilson,
U. S. Army Intelligence Service
Manila, P. I.

Dear Sir:-

"I am sending you herewith a copy of a letter which Mr. George Bronson Rea, publisher of the Far Eastern Review, Shanghai, has recently mailed to the editors of leading American newspapers and also to leading business men in various parts of the United States. The letter is of special interest since it shows that Mr. Rea has changed his opinion on the Chinese-Japanese question.

"The Far Eastern Review is the oldest American journal in the Orient. It was originally established in Manila and received for several years a subsidy from the Philippine Government. When this subsidy was withdrawn the office of the paper was moved to Shanghai where it has since been located. At the beginning of the war Mr. Rea left China and went to the United States where he entered Government service

on a special mission to Spain where he served as an Attache of the American Legation. At the Peace Conference in Paris he was employed as an unofficial advisor on railway matters by the Chinese Delegation. Immediately after the close of the Peace Conference he returned to the United States and stated to several friends that he had been treated unfairly by the Chinese in view of the great amount of service he had done for them. Whether this letter was issued for the purpose of "getting even" with the Chinese or whether it really shows Mr. Rea has gone over to the Japanese in the present differences between China, Japan and the United States is not known, but I am sure you will be interested in reading his remarks."

2. Mr. Rea's letter follows:

" THE FAR EASTERN REVIEW
An International Monthly
Geo. Bronson Rea, Publisher
Shanghai - Peking - Tokio.

8 West 87th Street
New York, October 14, 1919.

Dear Mr.---------

"Under separate cover I am sending you a copy of my book, "The Breakdown of American Diplomacy in the Far East." It is for private circulation, for the present. Its object is to create a sentiment favorable to cooperation with Japan along well-defined lines that will make for a solution of the Racial Problem and permanent peace in the Pacific. There is no good reason why this country should have to go to war in the future to consolidate Russian's hold on lands in Central Asia that she has stolen from the Yellow Men, and now needed for their expansion. This racial problem is a clean-cut issue between the policies of the United States and Russia.

"On the other hand, the way we are going in China will only lead us into trouble. After ten years of sentimental finance, guided by idealistic diplomacy, we have always fallen into the Chinese

trap, and have on our hands a collection of loan agreements and contracts that may only be carried by resorting to hostilities. When the inside clique in the Yuan regime deliberately conspired to embroil this nation with the four Allies at the same time over the issue of the Open Door, when they were fighting for their existence, and Minister Reinsch concealed the facts from the State Department for over four months, or until the issue was definitely created, I thought then, as I do now, that it was a contemptible German trick. I could not support our policy under such leadership, so I left China and entered the army to keep away from it all.

"Now, however, that Reinsch comes here openly as the agent of the Chinese Government, and his crowd, who led the President into this mess at Paris, are clamoring for war, it is time the other side of the story is told. I am not seeking publicity for the book, or a review, I am sending it to you, as I believe you will sympathize with the arguments set forth. I am trying to get the Senate Committee to open a hearing on our diplomatic activities in China during the last four years, as I am confident that it will disclose that the President's wise policies have been ignored and set at naught by the independent actions of Reinsch. This treaty muddle over Shantung, to me, is the grossest piece of impudence and disloyalty that I ever heard of. Three times during the last four years when confronted with serious Far-Eastern issues, the Administration notified the nation that, as they were not the sole concern of this country, and that all the Treaty Powers were equally and vitally interested, the policy of the Government was to await until the Peace Conference, or a separate international convention to be called for that purpose, and then the question of China's status would be taken up and settled for all time. This was undoubtedly a wise and statesmanlike policy,which reflects great credit on the President. It is difficult to believe that this was over-ruled or reversed by the President or Mr. Lansing at Paris.

"Yet, when the time came to make good on this policy at Paris, we find that the fire of the American Delegation was concentrated upon Japan. They would

listen to no arguments against this proceedure. And then, when they had led the President into this untenable position, they all threw him over, placed the blame on his and Col. House's shoulders, and hastened to Washington to break the treaty and undo their own handwork. For, if the Administration experts were loyal to the Government and its policy, they would have advised that the Shantung question was only a small part of a complicated general problem, the German rights should be surrendered to the Allies in the Treaty, leaving Japan as Trustee, until such time as the whole problem, could be settled at a general conference. They would have lived up to the Administration's policy, satisfied Japan and China; the other Powers would have had to accept, and we would have been spared this undignified spectacle in the Senate.

"The Experts" were all Reincsh men, they followed his lead and cabled instructions, and, when they lost out, they passed the buck to the President and came over here and knifed him. Their first allegiance was not to their own country, but to China. This was emphasized by Millard's testimony, that the unanimous opinion of all the experts in Paris, when they learned of the Kiaochow decision, was that "this means war." Then, in an article in "Asia", he places those words in the mouth of Mr. Williams, and makes them official. We also find that Millard's editor and assistant, one J. B. Powell, acting as secretary of the American Chamber of Commerce of China, has circularized the firms in this country interested in China, appealing to them to write and request their Congressman and Senators to demand from the State Department the confidential reports on Japan's aggressions and intrigues in China. As both Millard and Powell were on C. P. I. work in China during the war, and under Reinsch, it looks to me like a deliberate campaign on their part to cause trouble. This probably will explain where Senator Poindexter got his information about these secret reports and where they learned of the Whiteman railway report. I learn that Millard is receiving his expenses in fighting the treaty not from the Chinese, but from Chas. R. Crane, the President's friend. Crane was his only means of getting stuff

to the President and Lansing in Paris, and Crane was probably more responsible than any other for leading the Chinese into this mess. If he is now paying Millard's expenses, it is simply another instance of the President being knifed by his friends. Its a beautiful mess, and can only widen the breach between this country and Japan. I hope you will read this book, and let me know what you think of the new angle to the situation therein outlined. "

Cordially yours

George Bronson Rea

To---------
New York----

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M.I.D. MAIL ROOM

E. R. Wilson,
Major, Infantry.

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OFFICE CHIEF OF STAFF
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In this Issue:—"Russian Rights in China"

THE FAR EASTERN FORTNIGHTLY

The Bulletin of The Far Eastern Bureau

An Information Service furnishing editorial matter, news and information for the development of the mutual business, political and social interests of the Far East and the United States of America

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In Our Next Issue: *A New American Bank for China—A Japanese Diplomat's Attack on the Policy of the Mikado's Land in China—"Indian Trade", Beginning a Series of articles in our Far Eastern Finance and Commerce section on trading with India by a specialist—Oriental Comment on Current Events, Etc.*

CHINA'S ACTION ON HER RELATIONS WITH RUSSIA

By JEREMIAH W. JENKS, Ph.D., LL.D

Research Professor of Government and Public Administration, New York University; Chairman, Alexander Hamilton Institute; and Director, The Far Eastern Bureau

China's relations with Russia are the oldest of any with the Western Powers. From the early contacts of the 17th Century to the present time, Russo-Chinese intercourse has always been of first importance to China. Neighbors for several thousands of miles of common frontier, old friends and antagonists, the possessors of vast interests contingent upon each other's welfare, China and Russia have had a peculiarly intimate contact from the early days when China's isolation began to give way to the insistence of Western nations that the Chinese open their country to foreign intercourse.

China's initial contact with Russia was at a time when Chinese supremacy in the East made her a power to be dealt with on terms of equality. Indeed, the first treaty

relations between the two countries found full recognition of the equality of China with Russia in all matters, from trade rights to the punishment of criminals. Moreover, Russia's attempt to acquire the present Maritime Province of Siberia—the south bank of the Amur River and the coast once belonging to China as a part of Manchuria—was frustrated for over a century by Chinese armies, which successfully disputed with Russian forces the possession of this great territory.

It was only under the Manchu decadence in the 19th Century that Russia succeeded in reversing the relative position of the two countries.

DEVELOPMENT OF RUSSIAN RIGHTS

Steadily expanding her position in Central Asia and the Far East in competition with Britain, Russia more and more concerned herself with China.

Like all the other treaty powers, Russia secured exemption of her subjects and interests from the operations of China's administration under the right of exterritoriality written into the treaties between China and the Powers. Just as Britain extended her interests in the Yangtsze Valley and South China, so Russia matched her in the north. Along with the other Powers Russia acquired concessions under her jurisdiction for the residence of her traders, especially in Hankow and Tientsin, the two trading centers of major interests to Russian commerce. In the "battle of concessions" for monopolistic rights of development which took place as China's weakness became revealed, Russia confined her interest to territory north of the Great Wall and carved out her sphere of influence in Manchuria and Mongolia. By her building and control of the Manchurian railway and the use of Russian "guards" along these lines she had so succeeded in taking advantage of China's weakness that she was practically in military control of all Manchuria, North and South, so much so that Russian officers at times referred to that territory as "our country."

In 1905, as a result of the Russo-Japanese War, Russia was compelled to cede to Japan her interests in South Manchuria, but retained all her mining rights, monopoly of forestry exploitation, and railway interests in what has come to be called North Manchuria—notably the Chinese Eastern Railway, the Russo-Chinese subsidiary of the Trans-Siberian Railway, where it takes a short-cut across Chinese territory to avoid the difficulties of the detour around the bend of the Amur River, the international boundary between Siberia and Manchuria. Russia also became more and more interested in Outer Mongolia, the dependency of China lying between the Eighteen Provinces and Siberia, almost detaching it from China's control.

CHINA COMES BACK

The collapse of Russia, however, seriously involved Chinese interests. China has made every effort to observe her international commitments, but the struggle between the Bolsheviks and anti-Bolsheviks broke down the whole structure of exterritoriality by which the Russians in China were controlled by Russian justice administered by the consulates. Moreover, the Allied intervention in Siberia, in which China participated, left knotty questions between China and Japan—who of the foreign powers remains alone in Siberia today—over Russian interests.

Japan, supported, it seems, by France, has been opposing China's attempt to reassert her own control over the concessions granted Russia in the past until such time as Russia is united again into one nation and is able to function in the Far East. In other words, the Chinese have not abolished Russia's vested interests and special rights in China; China has merely declared her intention to act as the guardian of these dormant interests herself until such time as Russia can reassert her jurisdiction.

Japan, of course, does not care to see a great deal of her diplomatic interference in Siberia—backed by her insistent maintenance of armed intervention—rendered useless by reason of China's taking over the very interests in North Manchuria and Mongolia that Japanese statesmen have been attempting to secure from the various Russian "governments" in Siberia, from the broken Omsk administration of Admiral Kolchak to the Chita terrorism of General Semionov and the pro-Red administrations at present trying to function in Vladivostok, Trans-Baikalia, and other parts of Eastern Siberia.

CAUTIOUS COURSE COMMENDED

Throughout these activities, the course of China has been carefully worked out with what seems a due regard for her international obligations. Her present line of action, in fact, has been characterized by a regard for international obligations and at the same time a clear-cut attempt within these limits to rehabilitate Chinese rights and interests. The Foreign Ministry has moved with an effectiveness which augers well for Chinese foreign relations—in fact the way the move has been carried out is

admitted by even those interests opposing it to be very different from the usual Chinese way of doing things.

That this action has only been initiated after careful weighing of every side of the question goes without saying. It must be remembered that China's policy toward Russia certainly has the important element of expert foreign advice—the foreign advisers of the Waichiaopu are fully capable of seeing all sides of the question.

The important point in this change in Russo-Chinese relations is how capable China will prove in handling her trusteeship voluntarily assumed for Russian interests. If China justifies the responsibility assumed, there is no doubt that it will have far-reaching effects on the general relations of the Powers with the Chinese Republic in the near future. On the other hand, China's administration is none too secure at the present time and if it fails to meet the test, the recovery of Chinese autonomy—the abolition of exterritoriality and other limitations on China's sovereignty—will receive a set-back for a considerable time.

RUSSIAN INTERESTS IN CHINA AND THE CHINESE

This vivid summary of the status of Russians in China at the present time is the view of *Millard's Review of the Far East*, the authoritative American journal in China published in Shanghai, on Russian interests in China and the Chinese. It should be emphasized that China's action is not based on any proposals from Soviet Russia, but has developed out of the complicated relations between Chinese authorities and Russians since the outbreak of civil war in Russia between the Reds and their opponents.

According to the official figures for 1917 there were 51,310 Russians residing in China, most of them being in the northern part of the country. Because of the internal trouble in Russia, the number of Russians in China has been enormously increased since 1917, the present number being reported as high as 200,000. The refugees who have fled to China are of all classes, from peasants, former soldiers, and factory workers to wealthy bankers, business men and former officials. At the hotels in the Chinese treaty ports are to be found Russians who wear good clothes, speak three to four languages and who drink more champagne than water. Within a few blocks of these hotels are to be found hundreds of Russians who manage to live—how we do not know. They occupy the lowliest hovels and consume the food of the humblest Chinese coolies. Every dance hall and bar on the ragged edges of Shanghai and every other large city in China is filled with Russian women who manage to earn a living in devious ways. The Japanese officers in Siberia are said, upon very good authority, to have discarded their geishas for Russian entertainers.

The Russian Legation and the various Russian Consulates in China have been staffed with officials who date back to the old Russian government. They were recommissioned by the Kerensky government, but most of them belong to the Russia of the Czar. Since Russia went to pieces these legation and consular officials have been cut off from financial support from home and in consequence have been supported by China, through the Boxer indemnity which Russia did not give up along with the other Powers when China entered the war. Of this Boxer Indemnity money, levied upon China by the Powers as punishment for the Boxer uprising of 1910, Russia received approximately 130,000,000 taels, payment being made by China in annual installments. When the Powers agreed to forego the indemnity for a period of five years dating from China's entrance into the war, Russia agreed to give up only about one-fourth of her share. The remainder has been going into the Russo-Asiatic Bank. This money has been used to pay the salaries of the old Russian consular and diplomatic officials in China, and for other purposes—a good deal of it, according to well-founded rumor—going toward the support of Kolchak, Semenoff and other interests that have attempted to overthrow the Soviet regime in Siberia. Since these Russian reactionary forces in Siberia have been playing the Japanese game in Siberia, and in many cases have had little regard for China's interests in that quarter, China naturally has been none too sympathetic toward the further supplying of funds to a source that she considered working against her best interests in north. When, for instance, Chinese gunboats were sent to the Amur to protect Chinese interests, these

boats were fired upon by the Russians at Habarovsk and strong evidence exists that the Japanese instigated the firing. These boats for more than a year have been held, against China's will, at Nikolaievsk. They were frozen in last winter many miles away from their base of supplies and the Chinese naval officers and men spent the winter (with four feet of ice on the river) in their summer clothing.

THE SOVIETS AND CHINA—COMPLETE TEXT OF THE ALLEGED OFFER OF SOVIET RUSSIA TO RETURN TO CHINA THE RIGHTS AND CONCESSIONS RUSSIA SECURED UNDER THE CZARS

The Far Eastern Bureau, in presenting the text of the Russian Soviet offer contained in a telegram of March 26, 1920, does not vouch for the genuineness of the document inasmuch as the efforts of the Chinese government to confirm this proposal have so far failed. Not only has the Chinese High Commissioner in Siberia found that the Siberian Soviets did not issue the note; the internal evidence at several points is against it (italicized). Millard's Review first published the note in a translation from the original French, the text reading:

"To the Minister of Foreign Affairs, Peking:

"To the Chinese people and to the Governments of China, North and South:

"In these days when Soviet troops, after having defeated the army of the despotic counter-revolutionist Koltchak, supported by foreign bayonets and money, have entered Siberia and are marching toward a junction with the revolutionary people of Siberia, the Council of the People's Commissioners addressed to all the people of China the fraternal message which follows:

'The Russia of the Soviet and its Red Army, after two years of conflict, after unbelievable efforts, is marching to the East across the Urals not to suppress, not in the spirit of enslaving others, and not for conquest; every peasant and every Siberian workman knows this already. We bring to the people liberation from the yoke of military force and foreign money which stifling the people, will enslave the masses of the Orient at the head of which stand the Chinese people. We do not bring aid only to the working classes, but also to the Chinese, and we remind them once again of what we have never ceased to repeat since the Great Revolution in October, 1917, but which has been concealed from them by the mercenary press of the Americans, Europeans and Japanese. Since the workmen and peasants' government assumed power in October, 1917, it has appealed in the name of the Russian people to the peoples of the entire world proposing to them the establishment of a lasting peace. This peace ought to be based upon the reciprocal renunciation of all the seizure of land belonging to others and of all contributions. Each national group, be it great or small, no matter wherever it is situated, whether it has lived up to the present free or whether it has been made a part of another country against its will, ought to be free in the management of its own internal affairs, and no power should retain control of it by force.

'Workmen and peasants have furthermore declared null and void all the secret treaties concluded with Japan, China and the ex-Allies, treaties which were to aid the government of the Tsar and his allies in enslaving, by violating and selling them, the peoples of the Orient and principally the Chinese, in the sole interest of Russian capitalists, large land owners and generals. The Soviet government offered at that time to the Chinese government to enter into negotiations on the subject of annulling the Treaty of 1896, the Protocol of Peking, 1901, and all the agreements concluded with Japan from 1907 to 1916. That is to say to return to the Chinese people all that has been taken from them by the government of the Tsar, either by authority of, or through an understanding with Japan and the Allies. The pourparlers on the subject lasted until March, 1918. But the Allies covered the Mandarins and the Chinese press with money, brutally seized the Government of Peking by the throat and forced it to refuse all relations with the workers and peasants' government of Russia. Without bringing about the restitution to the

Chinese of the Chinese Eastern Railway, Japan and the Allies seized themselves, invaded Siberia and even forced the Chinese troops to lend their aid to this unheard-of and criminal brigandage. But the people, Chinese workers and peasants, did not know the truth nor the reason for the invasion of Manchuria and Siberia by these rapacious Europeans, Americans and Japanese. We appeal today to the Chinese people for the purpose of opening its eyes.

'The Soviet government renounces all the conquests made by the Government of the Tsar depriving China of Manchuria, and other regions. The populations will decide themselves the country to which they wish to belong, as also the form of government which they wish to adopt for themselves.

'The Government of the Soviet returns to the Chinese people without demanding any kind of compensation the Chinese Eastern Railway as well as all the concessions, mineral, forestry, gold mines and others which have been snatched from *them by the Government of the Tsar, the Government of Kerensky and the brigands, Holtvath, Semenoff, Koltchak, the Russian ex-generals, merchants and capitalists.*

'The Government of the Soviet renounces the contribution due from China for the insurrection of Boxers in 1900. It finds itself obliged to repeat this a third time because it is reported to us that in spite of our renunciation, this contribution is still being levied by the Allies in order to provide payment of the salaries and expenses created by the fantasies of the former Imperial Minister of Peking and the former Imperial Consuls in China. The full powers of all these slaves of the Tsar have been withdrawn long ago. They continue nevertheless to remain at their former posts and fool the Chinese people with the aid of Japan and the Allies. The Chinese people should know this and should chase from their land these liars.

'The Government of Soviet abolishes all special privileges, all the concessions to Russian tradesmen in Chinese territory. No Russian official, priest or missionary, should dare interfere in Chinese affairs. If they commit a crime, they ought to be judged according to local laws and local justice. There should not exist in China any other law court than the power and law courts of the Chinese people.

'Beyond these principal points, the Government of Soviet is ready to negotiate with the Chinese people represented by its plenipotentiary all other questions, and to liquidate, once for all, all the acts of violence and injustice which have been committed against China by the former Russian Governments in concert with Japan and the Allies.

'The Government of the Soviet knows quite well the Allies and Japan will do everything in their power to prevent the voice of the workmen and peasants reaching the Chinese people in order that they will not know that everything that has been taken from them has been restored.

'It is first necessary to do away with those rapacious intruders in Manchuria and Siberia. That is why today the Soviet sends a message to the Chinese people while the Red Army is marching toward the East beyond the Urals to the Siberian peasants and workmen, to free them from the domination of the bandit Koltchak and his allies, the Japanese.

'If the Chinese people, following the example of the Russians, wish to become free and to avoid the fate reserved for them by the Allies at Versailles with the object of transforming them into a second Korea or into another India they should know that there is no other ally nor brother in the struggle for liberty except the Russian worker and the peasant and his Red Army.'

"The Government of the Soviet offers to the Chinese people through the medium of its government to establish with us official relations and to send our representatives in advance of our army. The representative of the Commission of Foreign Affairs signs: Karakhan for authentic copy the delegate Plenipotentiary of the Council of the People's Commissioners for foreign affairs of Siberia and the extreme Orient."

CHINA'S DECLARATION OF POLICY TOWARD RUSSIA

Text of presidential mandate of September 23, 1920, by which Russian rights and interests in China were taken over by the Chinese government for temporary administration.

China's discontinuance of her recognition hitherto accorded the Russian diplomatic and consular officials in Chinese territory was prompted by a desire to end the complications arising from the course of the Russian Revolution. Recognition was with-

drawn, by this presidential mandate, from the Russian minister in Peking and the consular representatives in other cities; and the Russian concessions—that is, settlements for residence and trade administered as Russian municipalities by treaty—at Tientsin and Hankow were taken over and put under Chinese administration. The mandate reads:

"The Ministry of Foreign Affairs petitions that during the last few years, Russia has been in a state of chaos and disquietude brought about by conflicts between political parties and fighting factions in that country. Since the outbreak of the Russian Revolution, no government has been established in Russia to unite all such political parties and fighting factions. In the circumstances there can hardly be any possibility of the political friendship between China and Russia being resumed. The Russian Minister and his subordinates and consuls from the old Russian government have lost their official status long ago on account of the Russian revolution. They cannot represent the Russia of today. They therefore cannot be considered as qualified to assume any responsibility in connection with political relationships between the two countries. As the Russian Minister has been verbally informed of the policy which it is the intention of this Government to pursue, it is therefore hereby proclaimed that recognition of the Russian Ministry and his subordinates as well as the Russian Consuls from the old Russian government is withheld forthwith.

"What the Ministry of Foreign Affairs stated is found to be true. Sanction is hereby given for this policy to take immediate effect. But the friendly relationship hitherto existing between the two countries in regard to the treatment of Russian citizens will be maintained. All respectable Russian citizens and their private property will be protected as usual, provided that they strictly observe the rules in force in this country, which will follow the footsteps of the Allied Powers and maintain a neutral attitude toward the political troubles in Russia. The respective responsible administrations of the government are therefore instructed to submit appropriate proposals concerning such questions as Russian concessions, and the lands acquired by the Russian government along the Chinese Eastern Railway."

PROTESTS OF PRINCE KOUDATCHEFF, RUSSIAN MINISTER AT PEKING, OVER CHINESE GOVERNMENT'S ACTION IN WITHDRAWING RECOGNITION

The Russian Minister, Prince Koudatcheff, was originally the appointee of the old Czarist government. He continued to act for the Kerensky government and maintained diplomatic relations with China as Russia's representative in Peking after the overthrow of Kerensky by the Bolsheviki. With the passing of the Kolchak and other anti-Soviet regimes in Siberia, his position became more and more anomalous as he was not recognized by the bulk of Russians in the East, and similar difficulties arose in the administration of exterritorial rights by the old consular organization of Russia in China. This move of China was not inspired by the Bolshevik government and arose from the actions of the Russian population itself in Chinese territory, which refused to admit the jurisdiction of these old officials to China's great embarrassment.

Prince Koudatcheff, Russian Minister, on September 24 issued a protest against the Chinese action, pointing out that Russian citizens living in China are thereby deprived of official Russian protection and also enumerating other Chinese infringements upon the old Russian treaties:

"1—In May, 1918, the Russo-Chinese agreement concerning anti-alcohol measures along the frontier and Sungari River was cancelled by China. (Waichiaopu note, May 21, 1918.)

"2—A Presidential Decree of November 22, 1919, cancelled the treaties concerning autonomy of Outer Mongolia.

"3—A Presidential Decree of January 28, 1920, cancelled the agreement concerning the political status of the Hulunpaer region.

"4—The spirit as well as the text of the contract of 1896 regarding the Chinese Eastern Railway has lately been repeatedly violated.

"5—In July, 1920, the Protocol of 1901

was violated by the refusal of the Chinese Government to continue paying the Russian Indemnity. (Waichiaopu notes of July 2 and August 7 last.)

"6—During the summer of 1920 the treaty of 1881 has been violated through establishing Customs duties on the land frontier. (Russian Legation note of August 28 last.)

"7—Finally, the Decree of September 23 carries with it a radical change in the status of Russian citizens and their property, which is based on all the Treaties entered into between Russia and China (1689, 1727, 1851, 1858, 1881) and the various special conventions and agreements derived therefrom."

The Russian Minister also warns China that these various infringements can only become legal when they are agreed to by an All-Russian government recognized by China.

EASTERN CURRENT EVENTS

STATUS OF THE CHINESE EASTERN RAILWAY OFFICIALLY EXPLAINED AS TEMPORARY AGREEMENT PENDING ESTABLISHMENT OF UNITED RUSSIAN GOVERNMENT

The taking over of the administration of the Chinese Eastern Railway, the Manchurian short-cut of the Trans-Siberian hitherto virtually Russian in management and territorial control, is a temporary measure on the part of the Chinese government. The agreement between China and the Russo-Asiatic Bank, representing the Russian interests, is designed to make China the trustee over this concession which she gave Russia in 1896. The Far Eastern Bureau is indebted to *Millard's Review of the Far East* for this statement, given their Peking representative, Hollington K. Tong, by Dr. C. C. Wang, handling China's interests:

"In the spring of 1918, when the head office of the Russo-Asiatic Bank was removed from Petrograd to Paris," said Dr. Wang, reviewing the history of that financial institution and the Chinese Eastern Railway, and at the same time giving the substance of the new agreement recently initiated, "a meeting of shareholders of the railway was held in Peking and one additional Chinese director was elected to the board. With the Chinese President, China has since then had two directors on the board. At that meeting the Russo-Asiatic Bank was recognized by the Chinese government as entitled to represent and vote for the holders of the original share capital of five million roubles.

"In the spring of this year three vacancies among the Russian members of the board occurred. By a resolution of the foregoing-mentioned shareholders' meeting of 1918, the remaining directors were empowered to fill these vacancies. In February, 1920, the resolution was carried out. This gave China and Russia each five members on the board. The arrangement that gradually came into effect has now been confirmed by the new agreement.

"The second point is that China had never exercised her proportionate share of the control of the line as was contemplated in the Convention of 1896 between China and the Russo-Asiatic Bank. This was corrected to a certain extent by the provision in the new agreement of the addition of one Chinese and one Russian assistant vice-president. The general manager hitherto has been and remains a Russian, but in the new agreement a Chinese assistant general manager is provided for. In addition, each of the four departments in control of accounts, engineering, locomotives and operation, which are all headed by Russians, will have a Chinese assistant department chief. The agreement also provides that the junior officers of the line shall be selected without discrimination from among Chinese and Russians.

"According to Article 12 of the original agreement of 1896, the Chinese Eastern Railway should have paid to the Chinese government Taels 5,000,000 in 1903, when the construction work was completed, and operations commenced. Contrary to this provision, the amount has never been paid. Now it is agreed that the railway issues bonds to the Chinese government to cover the sum and to pay accrued interest. The total amount will be something like Taels 12,000,000. The bonds will bear interest at 5 per cent per annum payable semi-annually. The principal shall be payable when the railway is redeemed by China as provided in the agreement or it may be deducted from the amount which China will have to pay for the redemption of the line.

"In addition to this, the new agreement also provides that the modifications of the

old agreement of 1896 thus effected shall be subject to negotiation with the future recognized Russian government. Another point of interest in the new agreement is a special provision to the effect that the railway should be operated as a commercial concern solely, and should be free from all politics as politics have done so much harm to its operation in the past, and that the Russo-Asiatic Bank shall be recognized as a Russian financial institution."

ORIENTAL COMMENT

BRITISH PAPER DENOUNCES PROTESTS OF FRANCE AND JAPAN AGAINST CHINA RECEIVING SOVIET TRADE DELEGATION FROM SIBERIA

The *Peking and Tientsin Times* correspondent in Peking attacks the reported efforts of France and Japan to prevent China from receiving the Siberian trade delegation, stating:

"Another interesting report is that the French Minister and the Japanese Minister have issued a protest against China allowing delegations of the Soviet government to enter China. To any ordinary person this appears nothing more or less than a gigantic bluff. What right has any power to interfere with the delegation that another receives? When Krassin made his journey to England to discuss the opening up of commercial relations between Russia and England did any of the other foreign Powers interfere or send in a protest? China can open up commercial relations with Soviet Russia when and how she pleases. America and the European nations have already practically agreed that such a procedure is a necessity. That being the case, why cannot China do so? To attempt to interfere with China coming to any economic or industrial arrangement with Russia is tantamount to interfering with the internal affairs of this country. The differences of opinion prevailing in Europe concerning the procedure which is to rule any such arrangement do not in any way affect China. In Europe the various States are going about the business in their own way, and why cannot China act in an independent manner?"

FRENCH OPPOSITION TO CHINA DEALING WITH SOVIET TRADE ENVOYS

The *Shun Pao*, a liberal Peking paper, herewith presents its views on the French hostility toward China's receiving the Siberian trade mission now in Peking:

"It is feared by the French Minister that if China receives the Soviet delegation, it might affect the position of the Russian Minister at Peking. Both the French and the Russian Minister appear to have misunderstood the situation. The sole object of the Russian delegation is to discuss commercial affairs between China and Russia. We learn that once France vigorously opposed the receiving of a Soviet delegation by Great Britain. The true reason, we are told, for France's stand in the matter is the unwillingness of the Soviet to recognize the debts formerly contracted from France by the Tsar's government, and the decision might be modified by her policy of continued opposition and obstruction. In truth, France has no ill-feeling against the Bolsheviks, and even if there were, it could not be so bitter."

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In this Issue:—"The International Narcotic Traffic"

THE FAR EASTERN FORTNIGHTLY

The Bulletin of The Far Eastern Bureau

An Information Service furnishing editorial matter, news and information for the development of the mutual business, political and social interests of the Far East and the United States of America

13 ASTOR PLACE - - NEW YORK

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Announcement:—*The menace of the Far Eastern Narcotic traffic has been exposed for sometime by The Far Eastern Bureau. There is pending in Congress a bill seeking to end American participation in this trade and protecting ourselves against it. The hearings on the bill are an official confirmation of what has been unofficially asserted in these columns. This bill ought to be supported by all Americans interested in our reputation in the Orient and our own welfare. (Remaining material on Indian Trade will be published in forthcoming issue.)*

ENDING AMERICA'S PARTICIPATION IN THE ANGLO-JAPANESE NARCOTIC TRAFFIC DEBAUCHING CHINA

FACTS FROM THE CONGRESSIONAL HEARINGS ON THE ANTI-NARCOTIC BILL NOW BEFORE CONGRESS—WILL BRITAIN LIMIT PRODUCTION AND JAPAN CEASE BEING A NATION PEDDLING "DOPE"?

The Far Eastern Bureau presents herewith the text of "H. R. 14500," a bill introduced by Mr. Miller, of Washington, entitled "A bill to amend section 6 of an act approved January 17, 1914, entitled 'An act to prohibit the importation and use of opium for other than medicinal purposes,' approved February 9, 1909."

The bill referred to is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of an act approved January 17, 1914, entitled "An Act to prohibit the importation

and use of opium for other than medicinal purposes," approved February 9, 1909, be amended to read as follows:

"Sec. 6. That hereafter it shall be unlawful for any person subject to the jurisdiction of the United States to export, or cause to be exported from the United States or from territory under its control or jurisdiction, or from countries in which the United States exercises extraterritorial jurisdiction, opium, or cocaine, or any salt, derivative, or preparation of opium or cocaine to any other country, and the importation of opium or cocaine or any salt, derivative, or preparation of opium or cocaine is hereafter hereby declared to be unlawful, provided that such amounts of crude opium, and coca leaves, or other crude narcotics as may be found necessary by the Surgeon General of the United States Public Health Service to provide morphine, cocaine, or other needed medicinal preparations for the sole use of the United States may be imported under rules and regulations to be prescribed by the Secretary of the Treasury, the Secretary of Commerce, and the Surgeon General of the United States Public Health Service.

"The privilege of 'in transit' shipments is hereby withdrawn in so far as it applies to shipments of opium, cocaine, and their above-named salts, derivatives, and preparations.

"The Secretary of State shall request all foreign Governments to communicate through the diplomatic channels copies of laws and regulations promulgated in their respective countries which prohibit or regulate the importation of the aforesaid drugs, and when received advise the Secretary of Commerce thereof; whereupon the Secretary of State, the Secretary of the Treasury, and the Secretary of Commerce shall make and publish all proper additional rules and regulations for carrying the provisions of this section into effect."

STATEMENT OF HON. JOHN F. MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Official report of Congressman Miller's statements before the Subcommittee of the Committee on Ways and Means. House of Representatives. On the Narcotic Bill. Wednesday, December 8, 1920.

MR. MILLER.—Mr. Chairman, I shall avail myself of both the privileges extended by the chairman of the committee. I want to express my due appreciation for the speed with which this bill has been advanced. It was introduced on Monday, referred on Tuesday, and the hearings start on Wednesday on what we deem as a very important piece of legislation relating to and looking toward the prohibition of the sale, dispensing, smuggling, handling, shipping, etc., of narcotics. It has really become, Mr. Chairman, a living menace to not only our own people throughout the country—and, of course, I am especially more acquainted with the ravages of this wicked habit in the use of drugs in my vicinity on the Pacific coast. It is a really positive menace to the manhood and the womanhood of our country, and the way that it is handled renders the present laws very inefficient to cope with the situation.

The bill now before the committee is the one I introduced in the House. A coordinate bill was introduced in the Senate by Senator Jones of Washington, looking toward the prohibition of shipping, handling, importation, and exportation of narcotics, particularly opium, derivatives, and salts of opium, and other kindred narcotics. It provides for the prohibition of the shipment, stops the shipment in transit, stops the manufacture and dispensing in this country, except under the direction of the Surgeon General of the Public Health Service. The way the thing is handled now, the routine that things take, as I am informed, is that the fountain head of the opium production of the world is in India, and that there are certain sales monthly, conducted under the direction of the British Government.

These crude opiums sold at such sales are exported to the United States and to England—I think those are the two principal countries—are manufactured up into various commercial forms and a great many of them are reshipped to China and the Orient and to Japan, and from there smuggled right back into our country. My information is that considerable of this preparation goes to Japan and from there finds its way into China, through subtle means smuggled back into this country and offered for sale by illicit traffickers in this drug; and they are a constant, growing, increasing, damnable menace—the presence of these men, the presence of the article that they vend. It is a curious thing, the extent to which men will go in handling and in the operation of

this nefarious traffic. It is smuggled into this country through every conceivable instrumentality. Not long ago there was some $40,000 or $50,000 worth of morphine and cocaine smuggled into Seattle in the legs of a bamboo chair supposed to be a relic of antiquity, with massive bamboo construction. The hollows of those legs were filled with cocaine and morphine. This was a resident, a white man—an Englishman I believe, returning from China. Men smuggle it in in every conceivable way, concealed about their clothing in the most ingenious ways, and when it once finds its way into this country and is turned over to these local traffickers, there is an immense profit in it.

It is unnecessary for me in any way to suggest to the committee the deleterious effect of the use of the drug upon the human being, particularly the Anglo-Saxon, toward whom this legislation is directed—our own people. Besides being such a menace to our own people, it is a nuisance to the public officials of our country, the customs officials in their searches. The necessity for the enactment of this legislation is apparent to every informed person who is at all interested in the welfare of our own people; and broader than that, it affects so many millions of people across the water. China has made, as I understand it, an honest effort to eradicate this traffic. Various countries have made wonderful advancement in eradicating this traffic.

MR. RAINEY.—What has England done?

MR. MILLER.—By various orders in council, etc., made it a violation to carry it on the ships, made rules regarding the transit of it through the countries and my information is that a great deal of this stuff——

MR. RAINEY.—Isn't it a fact that England still derives considerable revenue—both she and her colonies?

MR. MILLER.—I am not advised as to that, but I suppose she does.

MR. RAINEY.—England controls the situation, or could, in India if it wanted to, and that is where this situation comes from.

MR. MILLER.—Yes, sir. It could control the fountainhead. There are witnesses here who are far better acquainted with the minutia than I am. This bill before the committee was prepared at the instance of the China Club, an organization in Seattle, consisting of some 400 leading business men in Seattle, who are alive to the things taking place. They have organized themselves into a society having the welfare of the Chinese people close at heart, and, above all, the welfare of our own people. During the recess of Congress, Senator Jones and I met with this organization, and we mapped out the character of legislation that we think and they think—and I think all others who have pursued the bill with care—will be very, very beneficial if it does not eradicate the trouble.

MR. RAINEY.—We can all agree as to the necessity for curbing this international traffic, and it has been up before in other bills, and we are familiar with the necessity for such legislation. Is there anything in the act now which prevents the use of opium?

MR. MILLER.—No, it don't prevent it. It simply makes it possible to get it.

MR. RAINEY.—How does your bill change it?

MR. MILLER.—This is an act to amend section 6 of the act approved January 17, 1914, to make it read as follows:

That hereafter it shall be unlawful for any person subject to the jurisdiction of the United States, to export or cause to be exported from the United States or from territory under its control or jurisdiction, or from countries in which the United States exercise extraterritorial jurisdiction, opium or cocaine, or any salt, derivative, or preparation of opium or cocaine, to any other country, and the importation of opium or cocaine or any salt, derivatives, or preparation of opium or cocaine hereafter is hereby declared to be unlawful; provided, that such amounts of crude opium and coca leaves, or other crude narcotics as may be found necessary by the Surgeon General of the United States Public Health Service to provide morphine, cocaine, or other needed medicinal preparations for the sole use of the United States may be imported under rules and regulations to be prescribed by the Secretary of the Treasury, the Secretary of Commerce, and the Surgeon General of the United States Public Health Service.

SEATTLE CHINA CLUB SECRETARY ANALYZES ILLICIT NARCOTIC TRAFFIC

STATEMENT OF DR. WM. K. McKIBBEN BEFORE HOUSE COMMITTEE DECEMBER 8, 1920

DR. MCKIBBEN.—The attention of the China Club was just about one year ago drawn to the enormous quantities of narcotics that were being shipped through the port of Seattle ostensibly destined to Japan and other oriental countries, but really which found their way, as we ascertained, to China; and we found that they were taking the place which opium formerly held in China. China is the one country in the world that has constantly and ceaselessly fought against opium and all its derivatives. They have waged two wars to keep it out. They have opposed it for two generations—yes, for three generations—and they finally yielded to this extent: They said, since they must receive it, instead of paying the enormous prices that were asked by the merchants who bring it here, let us grow it ourselves. And so they began growing it themselves. There was constant opposition to it, and about the year 1906 the Empire of China entered upon an effort to suppress the entire opium trade in China, and the British Government, from whom it had been imported—that is, the Indian Government—agreed with China that if they would suppress opium within their own domains that England on her part would cease bringing it into China; and the Chinese Government undertook to do the job in ten years' time. They planned on doing ten per cent per year, and it became a great popular movement. The old opium smokers that had been smoking opium for ten, twenty, thirty and forty years brought out their opium pipes and stacked them up like cordwood and burned them publicly, and they held great public rejoicings over it; and the officers of the Government were seen everywhere uprooting the poppy by which they had been growing their own opium.

MR. WATSON.—Let me interrupt you just a moment.

DR. MCKIBBEN.—Certainly.

MR. WATSON.—I recall reading some months ago that China destroyed some $50,000,000 worth of opium. Was this the result of the arrangement you speak of?

DR. MCKIBBEN.—Yes, that was the culmination of it.

MR. WATSON.—Did the drug belong to the Government, or to individuals?

DR. MCKIBBEN.—That belonged to the Government. After this arrangement with England, England ceased then on her part to bring in any opium, but there were still left old cargoes of it stored in warehouses in Shanghai. And the Republic of China then succeeded to the Empire, and the Republic was desperately in need of money. They were importuned to take that opium and sell it, because they could have raised millions of dollars from the sale of it, but to the credit of the Chinese Republic they bought that opium themselves in Shanghai and took it out and invited the representatives of all foreign Governments to come and witness its destruction. It was thoroughly and completely destroyed; and that was for the great good of the Chinese.

MR. HADLEY.—How long since did that take place?

DR. MCKIBBEN.—That was in January two years ago. Now, the China Club of Seattle found out that great quantities of these narcotics were going out from our port to Japan, and from Japan sent through subterranean agencies all over China and they were taking the place that opium had formerly held, only, as we know, morphine is as much worse than opium as opium is worse than hard cider. They could break themselves of the opium habit, but it would be practically impossible for a nation that had become addicted to the habit of morphine to break themselves of it.

MR. RAINEY.—What was the origin of the shipments? Where did these shipments originate?

DR. MCKIBBEN.—They originated in India. That is to say, opium is grown there from poppy under Government control.

MR. RAINEY.—You say they ship it to the United States, and the United States then ships it to China?

DR. MCKIBBEN.—Not exactly that. It is sold to the highest bidders. The crude opium is taken largely to England and largely to the United States. It is practically divided between these two countries, and these countries then render it into morphine, heroin, and the other derivatives of opium.

MR. HADLEY.—What is the process by which it gets abroad?

DR. MCKIBBEN.—I will tell you now the process. It is manufactured here in our country by the big chemical companies. Now, under the existing law it is not possible to

send an ounce of that to China because the Chinese laws will not allow it to be landed in any customs jurisdiction in China. There is a provision in the anti-narcotics law; that is, the Harrison bill, like this: It prohibits the sending of any of these narcotics to any country that does not have laws by which it may protect its own people. For instance, no customs collector would allow any shipment of opium to go through to the savage tribes of Africa, but a country having laws to protect its own people may send its merchants here to buy as much as it likes. They buy it under a written proviso and agreement that it may be used only for medicinal purposes, and shall not be exported from that country.

MR. RAINEY.—The way we do it, we bring in crude opium, just as much of it as we want.

MR. HADLEY.—Under our law?

MR. RAINEY.—Under our law; but we bring it in under the provisions of our tariff bill for further manufacture and exportation. Is that the way we do it?

DR. MCKIBBEN.—Not for further exportation, sir, no, sir; excepting in the way that I have indicated.

MR. RAINEY—Under our tariff law you can bring in as much of it as you want to, provided you are going to manufacture it, and you don't have to pay any duty or anything else.

DR. MCKIBBEN—Yes, they pay a duty; but I am informed that the duty is remittted when it is exported.

MR. RAINEY—Is that what happens in these opium shipments that you speak of?

DR. MCKIBBEN—Yes; that is what happens. They pay the duty on it. They bring it here for further manufacture and they export it.

MR. RAINEY—Yes.

DR. MCKIBBEN—And when it is exported the duty is then remitted, paid back to them. Now, as to the way it may be reexported. It may not be reexported under our admirable law to any country that has not the laws to protect its people; but to any country that has laws to protect itself it may come in and out as much as they want.

MR. RAINEY—Our authorities hold that China has laws under which it can protect itself.

DR. MCKIBBEN—No, sir; under the laws of China it is absolutely barred out.

MR. RAINEY—Then it goes to Japan, and from Japan it is smuggled?

DR. MCKIBBEN—Yes, sir; from Japan it is smuggled into China. That is the process it goes through, and it goes to Japan in vast quantities, and the quantities that have been going to Japan have been very rapidly increasing, there having been shipped many tons within the past two years or so. Now, our customs collector, as Mr. Miller has stated, there in Seattle, Mr. Roscoe M. Drummiller, observed these enormous quantities going through, and it seemed to him that it was impossible that all those vast quantities could really be used in any legitimate way in Japan. . . . While it is lawful, that is, technically lawful, really it is against the purpose of the law for the reason that, instead of its being legitimately used there in Japan, it is unquestionably used otherwise. Why, it is incredible to think that they could use tons and tons of morphine legitimately. Just to think that they could do so. We do know from unimpeachable evidence from all over China and from daily papers, English papers, and the resolutions of English chambers of commerce and the others there, that it is brought into China in almost unbelievable quantities, and that it is taking the place formerly held by opium there. I might mention here that there is an association of British merchants in China, the Associated British Chambers of Commerce of China and Hongkong, as conservative a body of merchants as you will meet on the globe, who, as a matter of good business, as a matter of good business statesmanship as well as of humanity, have united in a formal petition to the British Government asking the British Government to cease importation of these drugs in the interest of British prestige there in China. I have a copy of this which I will leave with the committee if they desire. May I read from these resolutions?

MR. HADLEY—Yes.

DR. MCKIBBEN—There are a number of these resolutions adopted at the meeting. This one from which I read is number 4 (reading):

That this conference of British Chambers of Commerce assembled at Shanghai is convinced of the necessity for immediate action of the British Government with regard to the opium and drug traffic, and that in the best interests of Great Britain's prestige and of her commerce in the Far East, the Government should give immediate effect to the various measures which the International Opium Convention agreed to in 1912 at The Hague Convention in respect to "raw opium," "prepared opium," "medicinal opium," morphine, cocaine, etc., without waiting for ratification by other countries—

And England says she would cease when the other countries would cease, but these

British chambers of commerce asked them to do that without waiting for the other countries to ratify it—

And would especially urge upon the British Government to control the production of such habit-forming drugs and to limit their production to the amounts required for legitimate medical use and to limit their export to such countries as have established laws and regulations which effectively control the traffic in these drugs, and restrict their use to legitimate purposes only.

MR. HADLEY—What is the date of that?

DR. MCKIBBEN—The exact date I have not but it was a few days before November 15, 1919. Now, this is the most drastic proposal in the history of the opium campaign that has ever been made. It calls for the British Government to cease production of it.

MR. HADLEY—Will you state who is the author of that resolution?

DR. MCKIBBEN—The author I do not know.

MR. HADLEY—I should have asked what body adopted it.

DR. MCKIBBEN—It is a resolution adopted by the Associated British Chambers of Commerce of China and Hongkong, at Shanghai about November 12, 1919, published in the North China Herald, Shanghai, November 15, 1919. Now, years before that, when the Chinese Government was considering the question of whether they should enter upon the project of destroying their opium, the British merchants themselves then took similar action because they recognized the fact that if China were to go on as she had been going on for many years, before very long there would literally be no business to be done in China except the opium business, and they at that time adopted a similar resolution, and this is along similar lines, only much more drastic than anything else proposed before.

MR. HADLEY—You are familiar with the text of the bill before the committee, are you?

DR. MCKIBBEN—Yes, I am familiar with it.

MR. HADLEY—Are you prepared to explain to the committee just wherein it would afford remedies that do not now exist, and what the effect of those remedies will be?

DR. MCKIBBEN—Yes. The first one will be that it will forbid entirely the exportation of opium and of all its derivatives. It will forbid, therefore, any American goods of that nature going out there. As it is now, you will find on the shelves of every drug dealer there in China such goods bearing American stamps, made here in the United States, and bearing the names of the American manufacturers: and on account of that our American prestige in China is extremely jeopardized. We want in the first place to shut off all American participation in this crime, so that it will be known in China, where we have vast commercial interests, that America has no commerce in this business. That is one provision.

MR. HADLEY—There is nothing now which prohibits this exportation except that it must be made to countries which have laws to protect their people?

DR. MCKIBBEN—That is the only prohibition—it must be made to countries which have laws protecting their people.

MR. HADLEY—This would stop the exportation entirely?

DR. MCKIBBEN—Yes; our proposal in this bill is to stop the exportation entirely. Now, I do not see that any exception can be taken to that.

MR. RAINEY—Unless there is something in some of our foreign treaties with foreign nations. Have you looked into that question?

DR. MCKIBBEN—There is nothing in any of our treaties with foreign nations that would affect it at all. On the other hand, at The Hague Convention, they practically all united in agreeing to it.

MR. RAINEY—What nations have ratified it?

DR. MCKIBBEN—They have practically all ratified it now. I believe Turkey and Austria held out for a time, but they have also signified their acceptance of it.

MR. RAINEY—You were about to state the second feature of the bill.

DR. MCKIBBEN—The second feature of the bill is this: That it would withdraw the privilege which the British merchants now have of sending their morphine and other like products through the United States in bond. Now, Mr. Miller pointed out that the British conscience was so far aroused that they have prevailed upon the Government to stiffen up the regulations by which it is exported. Now, in the event of Japanese and British merchants shipping morphine in ships and thence over Canadian railways, the regulations are made so severe, so drastic, that although they do not prohibit, they make it very difficult to do so.

MR. RAINEY—Has England ratified that Hague Convention?

DR. MCKIBBEN—Yes; England has ratified it.

MR. RAINEY—She does not seem to be attaching much weight to it.

DR. MCKIBBEN—No; she does not. That is what we are here for, exactly.

MR. RAINEY—That feature of it, by cutting off the privilege of "in transit" shipments, would remedy that?

DR. MCKIBBEN—Yes. Another way to prohibit the general exportation of it is to fix explicitly such amounts as the Surgeon General of the United States Public Health Service might designate as necessary for legitimate medicinal purposes.

MR. RAINEY—What is the present situation under our existing laws?

DR. MCKIBBEN—The situation under the existing laws is that we take in 250 tons every year of raw opium, besides what comes in by smuggling. We have investigated it, and I am including particularly the investigation made by the committee of the Treasury Department about a year and a half ago, as a result of which it was found that not more than 10 per cent of what is brought here is really needed; and that there is from 13 to 72 times as much opium used here in the United States as is used in any other country.

MR. RAINEY—Do you mean that there is that much brought in by smuggling and otherwise?

DR. MCKIBBEN—I mean that the registered importations are that much. From the year 1910 to 1915, five years' time, there was an average of 235 tons of opium brought into this country, and there has been an increase since—I have not the exact figures.

SPECIAL CORRESPONDENT TELLS OF CHINESE CONDITIONS

STATEMENT OF MR. J. J. UNDERWOOD, WASHINGTON CORRESPONDENT SEATTLE TIMES, SEATTLE, WASHINGTON, AT THE NARCOTIC BILL HEARINGS WEDNESDAY, DECEMBER 8, 1920

The situation in China, as I found it—and I have just come back from there—was that the habit of taking these opium derivatives has spread all over the country and is practically annihilating the nation. Since you have asked about this method of distribution I will try to explain it to you. Most of the nations of the world have a sphere of influence or extraterritorial rights in China. An American or a Japanese arrested is tried respectively by an American or Japanese Court. That is to say, they have their own courts there. The Japanese also have their own post offices in China, so do we, for that matter, but they have about ten times as many as we have or as any other nation has, and mail to the Japanese or the other post offices is considered sacred. The Chinese, although they have very drastic laws against the importation of opium, or its derivatives, can not interfere with mail sent through foreign post offices.

The method of distributing it to the people is this: There appears in the village a man who says he has a very fine medicine which he will give away for nothing. The Chinese is a good deal like the North American Indian, crazy about medicine. He gets a shot in the arm and he comes back for another and another after that. Then the man selling this medicine says: "I am very sorry; I can't give you any more. I will have to charge you for it." Soon the whole village becomes addicted to the habit and the price goes up till it takes every cent the villagers make beyond what is necessary for their actual existence. As far as I was able to learn in China, this is about the process that these narcotics go through. It is a British monopoly. It is grown in India. The raw product is sold at monthly auctions at Calcutta and Patna. After the sale the British Government absolves itself from all responsibility. It is taken into Philadelphia, New York, and Paris, where it is refined into morphine and other derivaties, which are then sent back to China. Great Britain passed a regulation under which no opium derivatives could go on English ships or English controlled railroads, which takes in Canada. They ship morphine through this country in bond to Japanese ports. There is no law under which we can examine these packages going through in bond, and it goes to Yokohama. The customs receipts in Japan up until about two years ago showed a terrific increase in the opium traffic, from 5 to 28½ tons, and a ton of morphine is enough for about 500,000,000 shots in the arm. The Chinese, about two years ago, made a protest against this. Then the manufacturers evolved another method. They shipped it to Kobe, where it is picked up and put sometimes on American ships

and sometimes on Japanese ships and taken to Dairen. The Japanese control a railroad into the interior from Dairen.

The Japanese have recently become bidders. They are buying this crude opium at the auctions and are learning how to manufacture derivatives. Also they are planting out the land in Formosa with coca trees for the manufacture of cocaine, which is a much more deadly drug than morphine. From an economic standpoint, for the United States, it simply means this: There is in China a population of between four and five hundred million people, and their exports to the United States doubled between the years 1918 and 1919. The commerce for 1920 was approximately $350,000. They are one of the best customers we have. They have a potentiality for consuming a tremendous quantity of American goods. In the countries washed by the Pacific Ocean there is about seven-eighths of the world's raw materials. I don't really know what proportion belongs to China, but she has the greatest man power in the world, and if this bill goes through that man power will be used to keep our ships busy. Unless we do something to prohibit these drugs going through the United States, we will continue to be a party to one of the greatest crimes in history, and at the same time will destroy one of our best markets for American goods. If there are any questions you gentlemen want to ask me I will be very pleased to answer them as far as I am able to.

MR. HADLEY—China suppressed the trade; did she also suppress the production?

MR. UNDERWOOD—Yes; and that is one of the most heroic things ever written in human history. China cured herself of opium smoking; but smoking opium and taking morphine are two vastly different things. Smoking opium isn't very much worse than cigarette smoking—I have the habit of smoking cigarettes myself—maybe not much worse than drinking whiskey, and a lot of us get over that. China hasn't any hospitals, and it requires hospital treatment to cure the morphine addict. If the diffusion of this drug is not stopped, it is going to be a great economic loss to the United States.

There is no question about that. And if it is not stopped the Chinese will be brought to the point in a very few years where every cent that they actually make that is not necessary for subsistence will be used to buy these opium derivatives. By that Japan at that time will have a monopoly. Japan has simply copied the British methods and the American methods, and improved upon them. This law, as I understand it, would simply prevent the British and the people of the United States from furnishing opium derivatives to China. Under that extraterritorial system that they have out there it is very easy to distribute it; you can not stop it. All they have to do is to send it through parcel post. It has the protection of the British Government, it has the protection of the Germans, and it has the protection of the Japanese; and the Chinese can't do anything about it.

MR. HADLEY—Were you in Japan?

MR. UNDERWOOD—Yes.

MR. HADLEY—What is their attitude on the subject?

MR. UNDERWOOD—Well, the attitude of the Japanese, of the individuals, is rather bitter toward the Chinese. The feeling is very bitter between the two countries.

MR. HADLEY—I had reference to this subject.

MR. UNDERWOOD—I don't know; I didn't discuss it with them. I know the Japanese would like to enslave the Chinese; I don't think there is any doubt about that. I didn't see any "hop heads" among the Japanese. China is full of them. I know the amount of that stuff the Japanese brought in went from something like forty pounds to something like 60,000 pounds in a year or two.

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THE FIGHT AGAINST THE ILLICIT NARCOTIC TRAFFIC

By DR. WM. K. McKIBBEN
Secretary of the China Club of Seattle.

China is the only country in the world that has maintained a consistent and unceasing, and for a time a successful, fight against opium.

China submitted to the drug only after two wars and after generations of resistance. When opposition was of no avail, China began to produce the drug herself, but only to save the cost.

In 1906, China, encouraged by American success in destroying the traffic in the Philippines, secured an agreement with Great Britain whereby China undertook to eradicate the drug and Great Britain undertook to cease its importation A period of ten years was set to accomplish this, ten per cent each year. The pulling up of the poppy, the cleaning up of opium dens, the burning of great stacks of opium pipes in the markets, and the unbelievable, heroic moral effort by which China delivered herself from her slavery, is one of the noblest chapters of recent history, and it challenged the admiration of the world.

The United States seized the opportunity to attempt world-wide emancipation by calling an International Convention at Shanghai in 1908, followed by two conventions at the Hague in 1911 and 1912. In these conventions the nations with practically no exception agreed that each would enact legislation for the suppression of the traffic.

The United States Congress supported this agreement by the Harrison Drug Act (1914), regarded at the time as a model law. This culmination was acclaimed as marking the end of the opium traffic.

For a time China was free from opium, then under a new name the old enemy came back. Great Britain kept the letter of her contract and ceased to send opium to China. She did not follow China in pulling up her fields of poppy in India, but the product was placed on the markets in the form of a drug far more destructive, namely, morphia. This is a concentrated form of opium easy of concealment, easy of transportation, easily applied and far more destructive than opium. Though the menace as a modern evil has a history of only a few years, volumes have been written in portrayal of its horrors. A well-known medical writer says, "no one can

realise the enormity of the drug question who has not had special opportunity to study it, or form any clear idea of the havoc it causes, or the pitiable state to which it reduces its victims." (Charles B. Towns, New York.)

This drug morphine is described by Bishop Brent, who was head of the United States Hague commission, as spreading throughout China like wildfire. It renews the slavery of the old days with new horrors of its own.

Nearly all the opium in the world's markets is grown as a government monopoly in India. Thence the crude opium is taken to Great Britain and this country where it is rendered into morphine and like derivatives. It is then transported to Hongkong, Singapore, and other British dependencies to the South of China, and to Japan to the North of China. From these two centers it is distributed throughout China and other countries regardless of laws and compacts.

These and other facts began to come home to American consciousness about a year ago. The China Club of Seattle found that the drugs were going in incredible quantities to Japan and thence to China. 121,596 ounces of morphia and cocaine and 21,128 pounds of opium were shipped from that port alone the last five months of 1919. Twenty tons of opium went out in a single shipment in February, 1920. In the interests of Chinese welfare efforts were made to check the flow of these rivers of poison, a traffic notoriously in violation of international agreement. It was found, however, that the traffic was permissible under the interpretation of the laws then prevailing. The Harrison Act prohibits the drugs from going to countries not having laws to protect their own people, such for instance as savage tribes in Africa. But it allows countries having such laws to buy what they want in our markets and take it home, and there they do with it as pleases them. In making these purchases certain rules, regulations, and licenses were exacted which were supposed to prevent abuse of the privilege, but when a purchaser presents papers that are "regular" in form customs officials have no option but to let the goods go forward.

It is, therefore, from the laboratories of two countries, Great Britain and America, that the world is today being drenched with drugs to the point of saturation. It is we as much as any country that are responsible for the re-inslavement of China,—for thrusting her back into the hell from which by the most heroic efforts on record she had extricated herself.

This is but half of the story. The drugs which we in America send out to destroy China comes back to curse our own people. Our chickens come home to roost. The Harrison Act keeps us here in America from becoming victims when our drugs are distributed through lawful channels of commerce, but they cannot bar the drugs from being smuggled back, and the smugglers fill our papers with their activities. One $50,000 lot detected and seized in Seattle on arrival from the Orient was found to have been shipped from New York only about 55 days before seizure in Seattle. It was done up in one ounce packages ready for immediate distribution. It had traveled in that period from New York to an Oriental port and then back to Seattle, showing an active partnership reaching from the manufacturer in America down to the detested peddler who solicits our boys and girls as his fated customers. Other great amounts come in from Canada and Mexico and from Cuba. A ship in the harbor of San Francisco was found to carry $300,000 worth. The inspectors attempted to seize it, whereupon papers were produced showing that it had been purchased in due and regular form for certain parties in Mexico. To Mexico, therefore, it had to go, and from Mexico it is safe to say nine-tenths of it has come back in the hands of smugglers. A recent seizure in the Philippine Islands is reported as a million dollars' worth.

Doctors say it is better to suffer untold agonies than become an addict. The traffic is filling our prisons and insane asylums, and saddest of all, our young boys and young women are drawn by the unconquerable appetite fostered by the peddlers into the abysses of the underworld.

No one knows the number of drug addicts in America, except that it runs into the millions. The victims are by no means confined to the underworld. The report of a Treasury Department Commission published June, 1919, shows that schoolboys and schoolgirls, doctors, attorneys, nurses, bankers, business men, army men, both privates and officers, housewives, servants, chauffeurs, motormen, engineers and women of high social position, and others in like places of responsibility make up in large part the ranks of addicts. Doctors and nurses furnish more victims proportionately than any other class, according to the testimony of their responsible representatives. Sooner or later the addiction brings the most complete and absolute wrecking of the human being of which we have knowledge. Thousands of confirmed addicts in the United States are already past hope of cure. A public narcotic clinic was carried on for several months in New York City, but it was found entirely inadequate as a method of coping with the appalling problem. Physi-

cians see in the situation the gravest possible menace.

Importation into the United States from 1910 to 1915 averaged 235 tons of opium per year, an average of 36 grains per capita of the population per year. This is 13 to 72 times the amount consumed by other nations such as Austria, Italy, Germany, France and Holland, not taking into account the quantities brought in by smuggling. Even this frightful quantity is on the increase. Importations for 1919 being 365 tons, according to customs reports. This is all rendered into morphine and other opium derivatives and injected into the world's arterial circulation.

Some conception of the quantities of narcotics going from the United States may be gained from figures recently secured from the official records of the New York customs house, which have not hitherto been available for publication. They exhibit exports of morphine and cocaine from the Port of New York alone for the years 1918 and 1919 and up to September, 1920, as follows:

NARCOTICS MANUFACTURED IN AND SHIPPED FROM NEW YORK CITY

1918 morphine	12,304 oz.	1918 cocaine	43,521 oz.
1919 morphine	33,696 oz.	1919 cocaine	38,446 oz.
1920 end September	61,175 oz.	1920 end September	81,042 oz.
Total	107,176 oz.	Total	163,009 oz.

When one observes that in three-quarters of the present year 61,175 oz. of morphine or two tons were contributed by this one port and that much larger amounts not yet ascertained were sent out by other ports; and add to this the prodigious amounts shipped through this country by the short and easy methods of bonding and of which no account whatever is made by the American customs;—count this all up and the estimate of 28 tons of morphine for China in a single year is seen to be an entirely reasonable estimate.

It is seen also that an equal or larger amount of cocaine was sent out from the United States.

It is interesting to note that a rebate of $283,923.00 was paid by the United States Government to these New York manufacturers at the time of export to make good the amount paid by them in duty on the raw materials at the time of importation. This for the port of New York alone.

It is becoming increasingly plain that any plans for reform to be effective must go to the source of the evil, namely, the poppy fields and the opium factories of the British Government in India. The Associated British Chambers of Commerce to China and Hongkong have already led the way by calling on the British government to destroy their poppy fields as China has destroyed hers. In this they speak avowedly in the interests of British trade and prestige in the Orient. This proposal is the most drastic and revolutionary measure ever advanced, and is an evidence both of the seriousness of the situation in China and a pledge of the good faith of these British merchants, and will commend itself to other business men throughout the world.

For us in the United States the first measure of reform should be wide-spread information of the public and such action by Congress as will (1) prohibit entirely the exportation of the drugs, thus redeeming ourselves from the stigma of participation in the traffic; (2) limit importation to such amounts as the United States Public Health Service determines upon as necessary for legitimate consumption in our own country; (3) withdraw the existing privilege whereby the drugs are sent across the continent in bond for shipment abroad.

Having thus made clean our own hands we can in good faith go to the other countries and ask them to keep the pledges we have all made together at the Hague.

Three great nations are primarily responsible: Great Britain, United States and Japan. Our appeal is to the conscience of these three nations. To save the world from narcotics. The fountainhead of the trouble must be reached, either by us today or by others sometime in the future when the havoc wrought shall have grown to still more stupendous proportions. The country that starts this movement will confer a boom on the world, the like of which has scarcely been recorded in a hundred years.

The activities of the China Club of Seattle have already been followed by a large curtailment in the number of countries to which the drugs are allowed to be exported by the United States. It was found that many countries which had been buying the drugs here were without laws regulating their use as required by American law. The privilege of export from this country was therefore withdrawn by the Treasury Department. The nations thus freed from influx of the drugs so far as United States is concerned, are Russia, Italy, Switzerland, Greece, Brazil, Liberia, Oman, Dominican Republic, Haiti, Paraguay, Venezuela and Bolivia. To this list the Empire of Japan is now added by special order of the Treasury Department for the same reason.

There are therefore at least 13 nations less than before that are being furnished

with drugs for which America stands responsible. This is no small gain. It should be noted, however, that the same imperative need exists for the law now pending and for the following reasons, among others:

1. The present withdrawal of privileges by the Treasury Department is only by regulation, not by law and the regulation is subject to discontinuance.

2. The countries now indicated above may change their laws so as to comply with the requirements of our American law, without in any degree changing their policy of re-exportation and smuggling, so that the old practice of shipping to other countries might readily be resumed.

3. Other countries besides those named above are bases from which the drugs are smuggled back into the United States. For instance, Cuba, Mexico and Canada. The prohibitive measures of the bill are therefore as much needed as ever.

4. A large part of all the drugs taken into China goes through the United States in bond and our bill is needed in order that this abuse of our hospitality may be stopped.

5. Our bill is intended to be a basis for educative work throughout the United States and for a base from which to appeal to other nations in order that the traffic in narcotics may be brought to an end everywhere.

FAR EASTERN FINANCE AND COMMERCE

NEED FOR REGULATION OF THE EXPORTATION OF NARCOTIC DRUGS

By PROFESSOR A. W. LINTON
University of Washington

Information in regard to the quantities of narcotic drugs exported from the United States is not easily obtainable. The one who studies the published reports of our exports does not find narcotics scheduled as such, since these are included under the general classification of "drugs and chemicals." It is the purpose of this paper to give information concerning the amounts of opium, opium alkaloids, and cocaine being exported by way of the Pacific ports of the United States, to give some facts in regard to the final disposition of these drugs, and to show reasons why the exportation of narcotics should be restricted.

The writer has been able to obtain accurate information as to the quantities of narcotics shipped from the port of Seattle to the Orient during the five months' period extending from July 1 to December 1, 1919. The quantities are:

Morphine hydrochloride.....	ounces	108,152
Morphine sulphate.....	"	100
Morphine phosphate.....	"	200
Crude opium	pounds	21,128
Cocaine hydrochloride.....	ounces	13,144

One ship which cleared during this period, The Fushima Maru, sailing on November 5, carried 11,660 ounces of morphine salts, 5,864 ounces of cocaine hydrochloride, and 2,577 pounds of opium. While complete information is not available as to exports from San Francisco, the writer is reliably informed that during the same period of five months, 64,000 ounces of morphine salts were shipped from that port. Perhaps it will be easier to understand the enormous proportions of the traffic if the amounts are stated in terms of average medicinal doses. The exportations by way of Seattle alone during the five months' period amount to 379,000,000 average medicinal doses of the morphine salts, 23,000,000 doses of cocaine hydrochloride, and 148,000,000 average doses of opium. There were in the customs office at Seattle awaiting shipment at one time during December, 1919, a few cases consigned from New York and Philadelphia to Oriental ports containing 59,000,000 U. S. P. doses of the morphine salts and 17,500,000 U. S. P. doses of diacetyl morphine hydrochloride. These cases represented an investment of $203,000.

The narcotics which left Seattle from July 1 to December 1, 1919, were carried in Japanese vessels and were all consigned to Japan. When it is understood further that large shipments of narcotics of British manufacture which are sent to New York and are transshipped in bond are forwarded to Japan by way of Pacific ports, it becomes apparent that Japan is purchasing narcotics in immense quantities. The amounts shipped by American consignors to Japan by way of Seattle alone during the five months' period above mentioned amount to about 10 doses for every man, woman, and child in Japan. The sale of narcotics is rigidly restricted in Japan, and their illicit use there said to be very limited. We should bear in mind also

that the number of educated physicians in Japan qualified to use and prescribe narcotic drugs is relatively small in proportion to the population. How then shall we account for Japan's large importations of morphine, opium, cocaine, and heroin?

There is abundant evidence that by far the greater part of the narcotic alkaloids purchased and manufactured by Japan find their way to China. That the Japanese are distributing morphine and other narcotics in China on an immense scale is vouched for by many witnesses, and so far as the writer has been able to learn this evidence is not disputed. The witnesses include American missionaries, travelers, and business men returning from China, as well as Chinese business men and students who come to this country. Numerous articles charging the Japanese with this traffic have appeared, both in American magazines and in English language periodicals, published in China. Some of these articles have been written by Americans, some by Britishers.

There are three principal avenues by which morphine enters China from Japan. It reaches North China (Manchuria and adjoining Provinces) by way of Darien, principally through the mails. In the "leased territory" controlled by Japan in northern China as well as in many other parts of China, the Japanese have their own post-office system, and Chinese officials have no jurisdiction over Japanese post offices and packages passing through them. This allows abundant opportunity for distribution of illicit goods. Central China is reached through Tsing Tau in Shantung Province. By an agreement between China and Japan, goods landed in Tsing Tau from Japan on "certificate of Government" are free from examination by customs officers. Morphine is smuggled into South China by way of motor boats from Formosa. The drug is retailed through the Southern Provinces by Japanese and Chinese peddlers, each of whom carries a passport certifying that he is a citizen of Formosa, which renders the Chinese officials powerless to punish him.

Whenever the Japanese predominate in China, morphine is easily obtainable. In most parts of China opium is very expensive at present, but morphine, which is so easily smuggled and so cunningly distributed by the Japanese is available even to the poorest coolie. It is reliably reported that Chinese who pay visits to Japanese brothels in Korea and in northern China are given several free "shots" of morphine, which is generally sufficient to establish the craving. Cheap hypodermic syringes have been generally introduced; however, the poorest addicts of the drug are usually not provided with syringes, but for a few coppers obtain an injection at a Japanese drug store or other place of business.

Great Britain as well as Japan has a share in drugging China. All honor must be given to Britain for carrying out in full her share of the agreement with China by which she undertook to reduce gradually the amounts of Indian opium exported to China provided the Chinese would at a corresponding rate decrease the cultivation of the poppy and the smoking of opium. Indeed, the British discontinued the shipment of opium to China three years before the time set for the consummation of the reform, and in 1913 announced to the world that the exportation of opium from India to China had ceased. However, although the British nation was undoubtedly sincere in this reform, Great Britain was not to continue to be blameless of sending narcotics to China. In 1912, by an international agreement, the nations agreed to discontinue the shipment of morphine to China. At that time, Britain was shipping to Japan the not inconsiderable amount of 30,000 ounces of morphine annually. By 1917, this had jumped to 600,000 ounces a year. Everyone who was interested knew that most of this immense quantity was going to China. The British people, again roused to a sense of their duty to China, demanded that their nation's participation in the crime be brought to an end. A regulation was, therefore, put into effect which forbade the shipment of opium derivatives to Japan except by Government license, and this license was granted only in cases in which the Japanese Government had certified that the drugs offered for export from Great Britain to Japan were for medicinal use, and that in Japan only. In spite of this, British morphine is still finding its way indirectly to China. The regulation neglected to forbid the sending by parcels post and a parcels post package of morphine may easily contain tens of thousands of doses. And as we have already shown, British morphine is going through this country in bond en route to Japan, which means to China. This is possible because our laws allow foreign goods arriving at an American port to be placed in bond for transshipment without inquiry as to the nature of the goods. Therefore British morphine, which could not be sent to Japan direct except by parcels post, is shipped to New York, placed in bond for transshipment, sent across the continent to Seattle, and thence to Japan.

However, we can not, by calling attention to the sins of Japan and Great Britain, atone for our own shortcomings. We have shown that through the looseness of our

customs regulations we are making it possible for British manufacturers of narcotics to evade the regulations of their own Government. We are being made an intermediary for the shipment of British morphine to Japan and thence to China. But still more serious is the fact that we ourselves are selling enormous and rapidly increasing amounts of opium and narcotic alkaloids to Japan. The consigners of most of the large shipments of morphine and cocaine which pass through Seattle en route to the Orient are among the largest and best known manufacturers of alkaloids in America. These manufacturers would probably not care to be mentioned in connection with this traffic. The writer does not wish to censure these houses too severely. Doubtless they have been able to answer to their own consciences in the matter. Perhaps they are not well informed in regard to the manner in which China, in spite of the splendid fight she made to eradicate opium smoking, is being flooded with drugs which are far more dangerous to her people than opium. This information is available, however, to those who are interested in the subject.

It has been the custom of this country to bitterly censure Great Britain because for so many years she forced Indian opium upon China, and the "Opium War" has been frequently mentioned as a proof of the perfidy of England. However, it ill behooves us to criticise Great Britain as long as we ourselves are helping to drug China, as we are to-day. True, we are not directly responsible for the distribution of the narcotics to the Chinese people, as is Japan, but we are certainly participants in the crime.

EASTERN CURRENT EVENTS

SENATOR JONES ON THE NARCOTIC BILL

HOW AMERICA BECOMES A PARTY TO THE ANGLO-JAPANESE TRAFFIC

Senator Wesley L. Jones, who has taken the lead in the Senate in efforts to end American participation in the narcotic traffic, explained that "the real purpose of this bill is to prevent other countries from using United States ports as means of shipping opium derivatives and other narcotics for re-export to China. The bill was framed by the China Club of Seattle.

"Under our present law, opium products manufactured in the United States may be shipped to such countries as have passed laws regulating the use of these destroying drugs. England has a rather severe regulation, framed after making an agreement with China, that no British opium should be exported into China, which provides that opium derivatives shall not be shipped in British ships or on British-controlled railroads, except in such amounts as are needed for medicinal purposes.

SCHEME OF BRITISH

"The British manufacturers, to circumvent this regulation, have adopted the practice of shipping these narcotics through the United States for re-export to the Orient. They are using our transportation systems to do a class of work of which the Britishers themselves are ashamed. China cured itself of opium smoking. It is now threatened by a more deadly danger—the consumption of opium derivatives which are smuggled into China from Great Britain, the United States, France and Japan. The bill is designed to prevent the United States from being used as a part of the smuggling machine, and to prevent this government from lending itself to a crime that cannot end otherwise than in the ultimate destruction of the Chinese people."

ORIENTAL COMMENT

A BIRD'S-EYE VIEW OF THE NARCOTIC TRAFFIC AND SEATTLE'S PROBLEM

The Far Eastern Bureau presents a Seattle summary of the situation which is of great importance in explaining the present problem.

Tons upon tons of opium and other narcotics, shipped through Seattle, are debauching millions of humans in China and the United States.

Between 8,000 and 10,000 residents of Seattle have become narcotic addicts according to Dr. Hiram M. Read, City Health Commissioner. It is estimated 4,000,000 persons in the United States have fallen victim to the traffic. China has many more.

The number of addicts is growing alarmingly, but the traffic has gone on thus far unhampered.

A special check made in the last five months of 1919 by the United States customs office in Seattle revealed that 3¾ tons of morphine, nearly half a ton of cocaine and ten tons of crude opium were exported through Seattle—enough for perhaps 600,000,000 average medical doses.

A single vessel, The Fushimi Maru, sailing from Seattle November 4, took out almost half a ton of morphine, 1¼ tons of crude opium, and 5,300 ounces of cocaine.

ONLY LEGITIMATE TRAFFIC

In the fiscal year ending last June 30, the United States imported 628,979 pounds of crude opium, or more than 314 tons, and 424 tons of coca leaves, the equivalent of 150,000 ounces (4.68 tons) of cocaine prepared.

These figures show only some of the legitimate traffic. The amount of narcotics smuggled in can only be guessed. Nor are export figures available.

Seattle, innocently one of the most important centers of this world-traffic, has begun a war on the evil that has been carried into Congress as one of the greatest problems of the present session.

Seattle has become the inspiration of a crusade that is becoming nationwide in scope, and will involve international negotiations. The help of the Rockefeller Foundation, interested in the humanitarian problems of the world, has been sought, and negotiations are now under way, through Dr. William K. McKibben, secretary of the Seattle China Club, with the Foundation for an organized fight to stamp out the traffic. He has had the assistance of The Far Eastern Bureau of New York, headed by Dr. J. W. Jenks, which for years has been exposing the menace of the narcotic traffic in the East. Dr. McKibben is now in New York and recently visited Washington, D. C., in carrying out the Seattle plans to stamp out the evil.

The problem is not that of the few grains peddled to some wretch, but a world problem, involving hundreds of millions of dollars by the time the tons of narcotics are distributed illicitly to the victims, in the solving of which Seattle has taken a leading position in the world.

Two Seattle men, United States Senator Wesley L. Jones and Representative John F. Miller, are sponsoring the joint bill now before the national House and Senate, on which hearings already have been held, and which would prohibit the importation and exportation of narcotics, except the importation of the comparatively small quantity of crude opium and coca leaves needed for actual medical requirements within the United States. No exports whatever would be permitted, and the right of "in transit" shipments across the United States by shippers of other nations would be withdrawn.

Another Seattle organization, the recently formed American White Cross, also has launched a campaign against narcotics, hoping to organize the scattered forces heretofore ineffectually protesting at America's part in the debauching of China.

But the vast quantities of morphine, cocaine, heroin, codeine and other habit-forming drugs shipped to the Orient are not merely smuggled to China. The authorities have found a great part of the total comes back to the United States by the smuggling route, and even in this country has enmeshed millions in all walks of life.

ENTERS THROUGH SEATTLE

The crude opium first enters through the port of Seattle, legally consigned to American manufacturers. Legally prepared for medical use, it is legally shipped back to the Orient through Seattle, consigned to Japanese dealers, believed by the American manufacturers to be legitimate. Then, somehow, the smugglers get it and it comes right back through Seattle illegally.

Men and women of every profession and class of society have fallen victim. The traffic, police and other investigators have found, has reached into the schools and colleges—and even into the cradle.

While police and federal squads futilely make war on the opium smuggler, the peddler and the addict, the government has been permitting American drug manufacturers to make ten times the amount of narcotic drugs needed for legitimate medical use, as found by a special committee appointed by W. G. McAdoo, then secretary of the treasury, in 1918.

CLASSED AS CHEMICALS

Seattle's unwilling share in the international traffic is revealed in only a small way by customs statistics, for narcotics are classed along with chemicals and other drugs in the reports of imports and exports, and paint and chemical labels conceal some "in transit" shipments from Europe.

Hundreds of millions of dollars are the yearly profits from this trade, but Seattle is not in the business for profit. Seattle is

simply a link in a chain that stretches around the world. It is of such great importance because it is the closest American port to the Orient. The big profiteers, investigation reveals, are in Philadelphia, New York, London, Paris, Calcutta, Yokohoma and Kobe, and in British, French and Japanese "spheres of influence" in the Orient.

It is the hope of those behind "The Seattle Movement" that when the United States has cleared itself of participation in the traffic it may be able to bring pressure to bear on Japan, France and Great Britain to end a practice which Rev. Wilbur E. Crafts, superintendent of the International Reform Bureau, said in Washington, D. C., last week, made "America one of the most criminal poisoners in history in the smuggling of morphia into China and Japan."

FORCED TO RELEASE SHIPMENTS

Knowing that the great amounts sent through Seattle could not possibly be used for medicinal purposes in Japan, Roscoe M. Drumheller, collector of customs here, about a year ago held up several large shipments, but the Treasury Department ruled that the Japanese consignees were complying with the law and he was compelled to release the shipments.

When China made an official protest to Japan, the narcotic ring changed its methods of operation. Instead of shipping narcotics to the United States in bond from England, for transshipment to Japan, shipments originating in England, New York and Philadelphia, were sent to Kobe and there transferred to other ships and taken to Dairen, Manchuria, so that the shipments would not show on the customs receipts.

The narcotic trade experienced a boom in the United States during the war. In the fiscal year ending June 30, 1918, 79 tons of crude opium, valued at $2,443,228, were imported. In the next fiscal year the total grew to approximately 173 tons. The fiscal year ending last June 30 saw more than 314 tons imported, worth $5,392,309.

The price of opium slumped about a year ago, so that while the 1920 fiscal year's imports were almost double those of the preceding year, the value was only slightly larger. These values are for the raw material legally shipped to the American manufacturer. By the time it has passed through the hands of the smugglers and peddlers it is worth $1 to $2 a grain, or from $437.50 to $875 an ounce for morphine that costs wholesale bootleggers $50 to $60 an ounce and only $15 or $16 an ounce wholesale in the regular trade channels.

COMES FROM ORIENT

In India, however, poppy growing is a monopoly of the British government. The crude opium is shipped in great quantities to the United States—largely through Seattle and in lesser quantities to England, as England under the Hague convention agreed not to permit its transportation in British ships or on British or Canadian railroads, except to supply its own medical needs.

Chemical manufacturers of France and the United States have developed the narcotic manufacture, however, and crude opium brought to this country soon returns to the Orient in prepared form—largely through Seattle again. Japan is the clearing house for smugglers, who take advantage of the fact China has no supervisory rights over Japanese post offices and mails in Japanese spheres of influence in China. The smugglers ship large quantities to China in this way and encourage its use by the natives. As a result, say members of the China Club of Seattle, China, after a fight of more than a century to shake off the opium smoking habit, is succumbing to the more deadly morphine and cocaine habit.

EASY TO CONCEAL

The same smuggling bands in Japan send part of America's exports back into the United States by underground routes, often within a few weeks of its leaving the country, and peddlers here promote the habit to increase their revenue. Thus it is that a large part of the narcotics sent legally through Seattle to the Orient comes back here illegally.

Similar operations are carried on in Mexico and Canada, for once a legitimate shipment by an American manufacturer crosses the boundary line American supervision ceases, except for the watch on smugglers.

Occasionally, emboldened by success, the blockade runners attempt a coup such as that which was nipped when federal agents in Seattle found $110,000 worth of opium and $54,000 worth of cocaine on one ship coming into port in June, 1919. The officers of the ship, the Cyclops, asserted their complete ignorance of the presence of the ton or more of contraband hidden in the coal bunkers.

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FINANCING CHINA

GOVERNMENT LOANS OF CHINA AND THE INTEREST OF THE POWERS BEFORE AND AFTER 1900

BY FE'I-SHI
(Emil S. Fischer of China)

In China remarkable changes have continuously been going on in every direction in spite of the unrest which so often prevailed during the last quarter of a century.

At the beginning of 1894 China possessed practically no foreign debt. Indeed there was then only some insignificant foreign loans outstanding which Viceroy Li Hung Chang, the greatest Satrap of the Far East of his time, had contracted with a German group of financiers. This outstanding loan engagement had been undertaken by the Viceroy of Chili in order to raise a small foreign-drilled army and for armaments, the first of their kind and the beginning of "westernizing," or modernizing China's military defense. But the Chinese Japanese War which was waged in 1894-1895, and which ended in the defeat of the Chinese colossus, demonstrated that China at that time, as well as now, was not prepared to withstand foreign aggression.

As a result of the war with Japan in 1894-5, China had among other great obligations, pledges and indemnities due Japan for the cost of that struggle a sum of fifty millions Pounds Sterling. Considering the wealth of the Chinese Empire, China should have easily been able to float at once at home such sum so as to settle this monetary indemnity. But the native bankers and capitalists, fearing heavy taxation as well as confiscations of capital distrusted their own Government. This was at the final period of autocratic rule under the Empress Dowager Tszu-Chi, who governed the country with her Grand Council or Supreme Ministers of State. It is true that at that time the late Emperor Kwang Hsu, just becoming of age, was the nominal ruler who held the reign of government over the Middle Kingdom. But he was a scapegoat of all the ills at the end of the Manchu administration. With her strong will, the Empress Dowager did not give more power

to Kwang Hsu than but to put his State-seal on edicts and documents establishing law and order; she was during Kwang Hsu's reign the de facto ruler of China.

From 1895 to 1898, the first large Government loans were concluded by China in order to settle the War indemnity to Japan of fifty millions Pounds Sterling. Three big loans of almost equal denominations were made; the first of these, in the struggle of foreign Powers and capitalists to participate in the opened Chinese loan field, was made to France with Russian guarantee in 1895; the second loan followed in 1896 and was concluded by the combination of British and German bankers, who also in 1898 were the successful competitors of the third and last part of the money needed by China to indemnify Japan.

It must also be admitted here that almost half of the loans made for above purpose have, in the course of regular payments of interest and installments, been already paid off. Yet these first great loans of the Chinese exchequer with the high finance of Great Britain, France, Russia, and Germany—in which loans American financiers, when the flotations took place, only participated as second underwriters—led to the first great combination as a financial organization, the old "Consortium."

The great lesson which China got from the war with Japan in 1894-5 was the lack of new ways of transportation. China had held back in its development of its natural resources; the construction of railways and other works of improvement were now felt most badly. But without investments and loans China could not go ahead. The capital needed could only be borrowed from foreign sources. Great competition of leading capitalistic interests and Powers of Europe set in. Some extended lines of railways along the northern and central coast of China began. Spheres of influence for such lines and territories were asked by British, French, German and Russian, and even smaller powers, where China was asked to concede exclusive rights for starting improvements such as China needed in the development of its great resources. Japan came also in, after the Russo-Japanese War, in 1904-5.

To offset the demand of the Powers concerned in the development of China, the government gave to Belgium a concession to build a seven hundred mile long railway feeder from Peking to Hankow. But very soon China learned that France with her capitalistic interest, was backing this Belgium railway concession.

China turned to America and conceded a concession of another seven hundred miles of railway from Hankow to Canton in order to play on the jealousy of the Powers, while Chinese capitalists, the great native, or so-called Shansi Banking Guild, kept from assisting the development of the needs of the country. In part this was on account of distrust, as foreign capitalists could enforce any default through their Government, while the Chinese financial group was afraid of any such possibility from experience with former administrations. It was while this distrust at home prevailed that the powerful competition of the high finance of England, France and Germany made it easy for the Chinese Ministers of Finance to get all the loans and money wanted, so long as there was no unification of the leading interest.

Of the money taken up by China for investments, much went into improvements which then had started, but also much of it went into channels of wasted expenditures on the part of the Chinese Mandarindom.

Such was the state of affairs until 1900, when the disastrous Boxer Rebellion started in Shantung and was transplanted all over North China with Peking and Tientsin as the center of the anti-foreign movement. The after effect of the Chinese and Japanese War of 1894-5 led the people to the belief, aroused by the Crown, that the best means of lifting a great economic depression then prevailing in China would be to drive the foreign out of China and into the Yellow Sea. This foolish attempt brought China in less than ten years of political experience to the verge of collapse. The Empress Dowager and the court ran away from Peking when the Allies were approaching. They took shelter a thousand miles away in Western China in the historic Northwestern Capital, at Sianfu, but Chinese dignitaries in Peking got their instructions to make peace with the foreign powers which led to the Boxer Protocol of 1901. This peace meant for China another and much greater hardship, as it brought with it the so-called Boxer Indemnity which was imposed upon China in order to defray the cost of the international expedition which had been sent to subdue the Boxer Rising. This indemnity amounts to four hundred million Taels or 67,500,000 Pounds Sterling payable in instalments and

sinking fund at four per cent per annum until 1940. This meant from that period on a disastrous and continuous drain of the country's resources into foreign channels. China fulfilled its obligations in this regard up to the time China entered the War on the side of the Allies, when the latter postponed payments for five years.

But in concluding peace with the Powers after the Boxer incident, China got new visions after her age-long slumbering. It meant the development of the country's resources in order to raise the income and meet the calamitous condition of the Exchequer. The government now understood that means of faster communications all over the country, in addition to the upbuilding of industries, was the most essential and vital program for the country. In time a great net of railways was laid out such as Sun Yat-sen demonstrated to the World in 1912. Up to the outbreak of the European War in 1914 foreign syndicates were prepared to finance the various schemes. On the other side China, wishing to preserve its independence, made successively contracts with such foreign combinations by which the French, English, Russians or Germans—and later Japanese —should eat up China. Yet combinations arose and made China's hopes at times abortive.

In the matter of questions of railway development in China, so far as advantages taken by Powers in relation to spheres and sections of the country were concerned, the concession for building the Trans-Manchurian Railways may be pointed out as an example. The Russo-Asiatic Bank got this concession so as to build a line in connection with the Trans-Siberian Railway from Manchuria to Vladivostok and the South Manchurian link from Harbin to Dalny, now Dairen on the coast of the Gulf of Pe-Chili. Soon enough after it turned out that the Russian state, under its Minister of Finance, built the Manchurian Railways, which later, so far as the South Manchurian line was concerned became by the Treaty of Portsmouth partly, a Russian section in the North and a Japanese in the South. But no sooner had the Chinese Government become aware of this railway really being built by a foreign power there the program of railway construction in the earlier part of this century became retarded. China, making loans for the building of railways, did not wish a second time to face such aggression.

Furthermore at that time the Chinese Government insisted on cancellation and repurchase of the socalled American concession from Canton to Hankow from the American syndicate, which had sent William Barclay Parsons to survey this line through an unopened section of South-Eastern China. This line is not yet completed in spite of all endeavors of the Chinese. They at first wished to construct this line themselves; it was taken over in 1911 by the international syndicate, the Old Consortium. Yet this is easily understood. Almost all railway building ceased in China as soon as the war in Europe started in 1914, when China neither succeeded in getting any further railway material, nor money for construction purposes from European capitalists.

China steered in this way through all the vicissitudes and troubles in borrowing money abroad, both under the old autocratic regime of the late Empress Dowager and under the more enlighted spirit of the Prince Regent who wished to renovate China these efforts in 1912, when the Manchu Dynasty abdicated.

The new republican government, in spite of its attempts at reforms and a constitution, was unable to carry out the construction of railways and other developments into Far Western China. If this were accomplished today, China would have been able to feed its starving millions in the North Eastern section of the country where the present famine exists. Grain is plentiful in the mountain sections of Kansu province, but its transport from the western hinterland towards the east, is an impossibility as there is no railway yet and the Yellow River is not navigable all the way on account of the great obstacles in its course.

China which since 1912 under the republic more than every before brought men into office who had been in service abroad or who had studied in foreign countries, steered with them through its difficulties after difficulties in the transformation of government and the "Westernising" of its institutions. On every step, however, China was hampered in raising money at home. Yet radical changes suddenly took place. The republic seemed to inspire more confidence among native financiers and capitalists. This is proven by a number of smaller short-term loans which have been successfully issued by the Minister of Finance in Peking since 1912. In the struggle for money to run the Government, new re-

sources were discovered and new means of getting a loan through outside channels came about when the Chinese Exchequer felt too much pressed by the Old Consortium.

The former British-German combination, in order to offset competition, had made its compacts with the French high finance by which France and Russia came in, now unified and styled the Consortium. Leading American financiers later joined in. Also during the revolutionary period which ended the Manchus and inaugurated the republic, in the beginning of 1912, the Belgian bankers drove between this strong Consortium and made a loan to China of one million Pounds Sterling; this new Belgian and London group of capitalists were taken into the Consortium and today are participating. China again started to find means outside of the Old Consortium which brought about, later, the so-called "Crisp" loan and many smaller ones during the period from 1912 to 1914. In 1916 China succeeded in concluding a five million dollar loan with the Continental and Commercial National Bank in Chicago. Later came the various Japanese loans which Japanese financiers made China during the War and up to last year, as China nowhere else found means of borrowing money abroad.

But once the great European War ended, with the economic disturbances and problems all over the world, China felt its need of getting financial assistance from Europe and America in order to complete the great railway links and other developments which are so vital for China's ultimate reconstruction.

China naturally believes that foreign capitalists will again turn easily to the old Middle Kingdom to make profitable investments there, as they did before the Great War. But China does not comprehend the great change of conditions in matters of financing the whole world and finds a grudge against the combination which was established in New York last autumn, the New Consortium. This consortium which is made as representative as possible by banking and financial interests of America, England, France, Japan and Belgium does not pursue monopolistic tendencies as expressed through its leading members in public speeches here, but shows willingness to cooperate with the Chinese. It eliminates, of course international competition. But it will not impose on China terms which show the selfish designs that existed under the old drive of spheres of influence through the Old Consortium.

But in spite of all this, the Chinese feel that the delay of making a loan through the Consortium for its present needs should be an opportunity to bring about some success at home among their own financiers and capitalists by making the first government loan with them. The present Minister of Finance, Chow Tzu-chi, who about fifteen years ago was Charge d'Affaires of China in Washington and later secretary of the Foreign Office in Peking, has just negotiated a loan with the Chinese capitalists represented by Liang Shi Yi and the Shanghai native banking group. The loan just concluded amounts to six million dollars and was made with the Chinese syndicate for the extension of railways. As security the surplus revenue of the Peking-Hankow Railway Line has been pledged to the Chinese Banking Syndicate. It is the first loan of its kind and considered important for industrial purposes. The expenditures of the money and the equipment, when delivered, are to be under strict supervision of this banking group. It is an entirely new system of internal financing of the Chinese government. Shanghai leaders inspired this new movement in the struggle of the Chinese Exchequer to handle the pressing financial problems of New China.

EASTERN CURRENT EVENTS

PACIFIC PERSONALITIES

EN ROUTE TO THE UNITED STATES

Intimately connected with British development in China, *Mr. A. W. Frodsham,* assistant manager of the Peking Syndicate, has left China for a visit to England. He is proceeding via New York, where he will meet his wife. It is expected he will return to the Far East next summer.

Mr. G. F. Ashley, architect for the China Realty Company, Ltd., has left China for a long absence in the United States.

NEW YORK

Mr. B. W. Fleisher, proprietor of the Trans-Pacific Magazine and the Japan Advertiser, has been in New York for several months in connection with his extensive Japanese-American interests.

Mr. Stewart P. Elliot, managing director of the Grace China Company, is now in New York for business conferences.

WASHINGTON

Messrs. J. B. Powell and *Carl Seitz,* comprising a delegation from the American Chamber of Commerce in Shanghai to look after the interests of American business in China, are now in Washington hoping to secure legislation which will strengthen the position of our firms in the Far East.

Mr. Thomas F. Millard, who has made his headquarters in New York since his return from the League of Nations sessions at Geneva, has been in Washington in connection with his Far Eastern interests.

GENERAL

Mr. Phil Whitaker, president of the Philippine Trust Company and an advisor of the Philippine Government on matters of finance, is now in the United States.

EN ROUTE TO THE FAR EAST

Mr. Paul Page Whitham, former United States Trade Commissioner to China, is returning to the Orient as China manager of The Foundation Company.

REORGANIZATION OF THE SOUTHERN GOVERNMENT

The reorganization of the Military, or "Constitutionalist," government at Canton has been completed. The administrative directors of the government are: Dr. Sun Yat-sen, Dr. Wu Ting-fang, Tang Shao-yi, and General Tang Chi-yao, whose seat is being occupied by his personal delegate, Wang Pei-chun, Civil Governor-designate of Kweichow. The Administrative Council, an institution similar to the Cabinet of the Peking government, is now composed of Dr. Sun Yat-sen, Minister of Interior; Dr. Wu Ting-fang, Minister of Foreign Affairs; Tang Shao-yi, Minister of Finance; General Tang Chi-yao, Wang Pei-chun, acting Minister of Communications; General Chen Chiung-ming, Minister of War; Admiral Tang Ting-kwang, Minister of Navy; George Hsu Chi-en, Minister of Justice. Senator Ma Chun-wu is Secretary-General to the Council, while C. C. Wu is Chief of the Bureau of Political Affairs.

It appears that the Canton government, as controlled by the militarists, has practically ruined the Canton branch of the Bank of China. The government ,at different times, has forced the Bank of China to appropriate from its reserve fund of $6,000,000 to secure banknotes as loans for administrative and military expenses. Now the bank is unable to redeem the notes because of a shortage of reserve. At present the Bank of China notes are valued at less than 50 per cent of their face and even the government, which has caused the depreciation of the notes, is now refusing to accept these notes as legal tender for payment of public dues. The Canton government, under the new administration, has opened another banking institution, the Provincial Bank of Kwangtung, with T. T. Cheng, formerly president of the Industrial and Commercial Bank of Hongkong, as its managing-director. The new bank is entirely controlled by the government and acts as the public depository, thus replacing the provincial treasury. The provincial Bank of Kwangtung will issue banknotes in denominations of one, five, ten, and fifty dollars. The management has informed the public that every cent to be represented by its notes will be fully secured with a reserve. The first issue of $1,000,000 is out, and government salaries and wages are being paid in new notes. There are ten places in this city where these notes may be redeemed.

THE POWERS REPLY TO CHINA ON THE RUSSIAN INTERESTS

The view of the Powers on the taking over of Russia's rights and interests in China by the Peking Government is expressed in the following summary:

The Diplomatic Corps, replying to the Chinese note of October 22 with reference to the position of Russians and Russian interests in China and their bearing on the interests of other foreigners, takes note of the declaration of the Chinese Government that all measures that have been taken are merely provisional, that all changes in the status of Russians will be discussed with a

future Russian Government recognized by the Powers, that all Russians now in China will continue to enjoy the rights guaranteed by treaties, and that there will be no change in the administration of the Russian concessions. The Note then goes on to point out that up to the present these undertakings do not appear to have been executed, and that the status of Russians and Russian affairs involves the interests of other foreigners.

Consequently the Diplomatic Body considers it necessary, in the interests of all foreigners in China, to propose that the police in the Russian concessions should be under the control of the local municipal councils and that the latter should adhere to the old regulations.

With regard to jurisdiction the Corps suggested that where possible all the old Russian Courts, their organization and personnel should be maintained that these Courts should act in the name of China but administer Russian laws, in accordance with the Chinese mandate of August 5, 1918.

Cases between Russians, or Russians and other foreigners, should be tried by these courts while cases between Russians and Chinese in which the former were the defendants should go before Mixed Courts and where Chinese were the defendants before the local Chinese Courts. It was pointed out that these measures should be merely provisional and should not be considered in any way as a precedent for the future.

For the administration of Russians in China, in centers where there are many Russians, and for legal affairs connected with Russian interests in such centers the proposal was then made that the Chinese Commissioner of Foreign Affairs should call upon Russian Advisers to carry out the required procedure. In order to secure proper coordination there should be a special bureau for Russian Affairs attached to the Waichiaopu with a high Chinese Official at its head and with Russian advisers attached to it.

FAR EASTERN FINANCE AND COMMERCE

GRIP OF BRITISH ON INDIA'S TRADE

AMERICAN BUSINESS UNDER A HEAVY HANDICAP THROUGH INDIRECT DEALING—BANKING SYSTEM NEEDED—FACILITIES FOR SHIPPING MUST BE AFFORDED TO PUT RIVALS ON EQUAL TERMS

BY RAJANI KANTA DAS

Lecturer in Foreign Trade, The School of Commerce, New York University

The Far Eastern Bureau herewith presents the third of a series of articles dealing with the trade of India and the Middle East. The author is a specialist on Indian economics and sociology, now a member of the Faculty of New York University.

India is one of the world's greatest markets. Owing to the conditions of climate and the character of resources, India is mostly an agricultural country. She produces a large quantity of foodstuffs and raw materials, which she sells, and consumes manufactures of all kinds, which she buys. The United States, on the other hand, is a manufacturing country. There exists, therefore, a natural commercial relation between India and the United States. India is a ready market for American manufactures.

Such a promising field of trade was practically unknown to the business man of the United States until the recent war. Since then the American trade with India has made a rapid progress, showing an increase of 190 per cent in the course of six years. This is only a small beginning of a great future. There are, however, several impediments which stand in the way of the trade development between the two countries.

First there is a lack of direct business transactions. The foreign trade of India is carried on mostly by British business men who also handle American goods. The British are proverbially patriotic. They patronize their own countrymen and boost their own goods. They sell only those American goods which they cannot buy from their own manufacturers.

BARRIERS TO AMERICANS

It has happened again and again that Indian people have bought American goods without knowing the country of their origin. For this service American business men are

said to have paid as high a commission as 25 per cent. This indirect dealing has been a great handicap to the development of the trade of the United States with India. American goods which successfully compete with British goods have been practically barred from Indian markets. Even the goods of superior quality have not made sufficient headway. Moreover, high commission rates have put them at a disadvantage. No wonder that American goods have been slow in building up their prestige and reputation in India.

This obstacle can, however, be easily removed by establishing direct relationship between American and Indian business men. American commercial houses can be established in the large cities of India, such as Calcutta and Bombay, for dealing directly with native wholesale merchants. This will boost American goods, cheapen the price and develop the trade.

Secondly, there is a lack of adequate banking facilities between the two countries. The Indian merchant buying in Great Britain can make payment at Calcutta, whereas he has to pay at New York for his purchase in the United States. For the same reason the Indian buyer coming to the United States finds it hard to purchase American goods. His credit is no good in this country unless indorsed by some British bank. This causes a good deal of inconvenience as well as loss of time and money.

BANKING SYSTEM OUTLINED

The banking system in India is sound, though not elastic and adequate. There are some well established banks, such as the Tata Industrial and Commercial Bank, with which American banks can make direct connection for the exchange of credit. Leading banks can also open branches in important commercial centres in India, such as Calcutta and Bombay, following the pioneer efforts of the International Banking Corporation. It will, however, be a great help to the growth of trade between the two countries if an Indo-American bank is established, with the main office at New York. If the New York bankers take the initiative they will undoubtedly receive active cooperation of Indian bankers and other business men in this laudable enterprise.

Thirdly, there is a lack of facilities for direct shipping. The importance of direct shipping cannot be overestimated in the modern time. The geographical distance between two countries makes it much more important. Direct shipping means often a saving of several days, if not weeks. It is also much cheaper to ship goods direct. It saves transference. Within the last seven years direct shipping between the two countries has increased seven times and has been one of the reasons of the unprecedented growth of the trade. Still it is scarcely adequate to meet the demand of the growing trade.

Shipping was once an important industry in India. But under the British rule it has been discouraged and ruined. The enterprise has been again undertaken by Indian capital and a company has already started business with Europe. It will, however, be long before the Indian shipping enterprise can be of any material help to the American trade with India. It depends, therefore, upon the United States to provide adequate shipping facilities.

Fourthly, economic dependency of India is another impediment. The underlying principle of the British rule in India is economic exploitation. The British Government has, of course, built up some industries, such as the cultivation of tea, which were not known to the people before. But the whole policy of the Government has been for the furtherance of British trade rather than for the economic development of the country and for the welfare of the people.

The industries in which India has the natural advantage but which compete with British industries have been restricted or have still remained undeveloped. The manufacture of the cotton fabrics of higher quality, for example, was quite possible and economical in India. But it competed with Lancashire goods and was, therefore, put under an excise duty of 3.5 per cent. While this duty was abolished during the war a new policy has been evolved under the name of imperial preference. The aim of this policy is not so much the development of Indian industries as the exclusion of foreign competition from Indian markets. As a direct result of this policy an export duty of 15 per cent has been levied on hides and skins, with a provision for a rebate of two-thirds of this duty to any part of the British Empire.

SELF-GOVERNMENT A HOPE

This export duty is very significant to American manufactures. It must be mentioned that India contributed about a third of the world's export of hide and skins. About three-fourths of India's hides and

skins are consumed in the United States. American manufacturers will, therefore, have to pay 10 per cent. more than their British competitors for the same hides and skins in Indian markets.

This short-sighted policy has not only brought extreme poverty and degradation to India, but has been a detriment to the full development of the British trade itself. A prosperous country is a better customer than a poorer one. The British Government in India has somewhat realized its fallacy and created a department for industrial development. But until the whole policy is changed India cannot fully develop her natural resources.

The most hopeful sign for the removal of these iniquities is the national movement for self-government. One of the aspects of this movement is that whatever may be India's political relation with Great Britain she should be left perfectly free to develop her own resources for the best interests of the country. India, with her industries fully developed, will be a leading trading country in the world, and nobody will reap a better benefit in the Indian market than the United States.

ELECTRIC ENTERPRISES IN JAPAN

According to investigations by the Department of Communications, at the end of July, 1920, the number of companies undertaking electric operations throughout Japan totalled 778, with an aggregate capital of 1,218,390,961 Yen, electric power generated amounting to 1,303,548 kilawatts.

Following are the details:

	No. of Companies.	Capital (in 1,000 Yen)
Companies supplying electricity	685	743,470
Companies operating electric trams	41	56,071
Companies supplying electricity and operating tram service....	52	418,847

Compared with the end of last year, the number of such companies shows an increase of 25, and capital 123,060,888 Yen, while the power generated also indicates an increase of 40,514 kilos. Of the electric power, 961,492 kilos are generated by hydraulic power and 342,056 kilos by steam. During the month under review, official permission was granted to six more concerns to start electric enterprises with a combined capital of 675,000 Yen, while those newly started operations during the same month are four, with an aggregate capital of 475,000 Yen.

ASIATIC-AMERICAN TRADE STANDS HIGH IN 1920

That the trans-Pacific markets offer the best field for American trade development is shown by our commerce returns for 1920. The United States imports more from the countries of Asia today than any other quarter of the world, barring North America; while in exports across the Pacific this country sends out goods into the Orient to a value exceeded only by our European and North American trade.

In 1913 our Asiatic trade stood at $407,000,000—exports amounting to $126,000,000 and imports being $281,000,000. Today it has jumped to $2,054,000,000—exports $771,000,000, imports $1,283,000,000. The trade figures, by continental divisions, are:

EXPORTS

('000's omitted)

To	1920	1919	1913
Europe .	$4,466,665	$5,185,980	$1,499,573
N. Am..	1,929,136	1,295,812	601,176
Asia ...	771,954	703,667	126,122
S. Am...	623,910	442,127	146,514
Oceania.	271,441	195,894	81,702
Africa.	165,661	98,669	28,928
	$8,228,759	$7,922,150	$2,484,018

IMPORTS

('000's omitted)

Europe .	$1,227,842	$750,569	$864,666
N. Am...	1,663,451	1,157,771	389,814
Asia	1,283,800	1,041,444	281,407
S. Am...	761,053	687,525	198,259
Oceania .	192,965	154,908	34,719
Africa ..	150,285	112,187	23,729
	$5,279,398	$3,904,406	$1,792,596

Exports to China showed an increase of $40,000,000 over 1919, but those to Japan, due to adverse business conditions, only increased $11,000,000. As for imports, Chinese products consumed by the United States jumped $38,000,000, while Japanese goods imported into the United States rose but $5,000,000. The steady expansion of American-Chinese trade in the face of grave obstacles points to the day when wise American business efforts can make China a far more profitable field than Japan today.

OFFICE CHIEF OF STAFF
APR 4 1766-1002
WAR DEPARTMENT

#1875.

From: Military Attache to China.

To: Director of Military Intelligence, Wash., D.C.

Subject: Summary of Information re Suspects.

1. Enclosed herewith please find a mimeographed summary which has been prepared by the Legation for distribution to the various Consuls in China, and which contains a summary of information on file regarding sundry individuals suspected of pacifism, disloyalty and pro-German activity.

W. S. DRYSDALE, Major, Inf., U.S.A.,
Military Attache to China.

By:

H. R. ROBBINS, Captain, U.S.A.,
Assistant.

HRR/iw.

OFFICE CHIEF OF STAFF
WAR DEPARTMENT
APR 4 1766-1002

A

1. ABOL, Peter — Russian — Visa refused.

2. ABRAM, Nadler — Roumanian — Visa refused by Shanghai because of failure to make alien declaration at Vladivostock, and references in U. S. insufficient.

3. Harbin — "ADIOS", M. Pil — Russian — Chinese Poste Restante, Harbin; Bolshevik from U. S. hoping to go to Russia.

4. Swatow — "AGNES and F. J." — Germans — Shonghong via Swatow

5. AKINO, Goshi — Japanese — Reported trying to go to U. S. on Russian passport in June, 1918, as German agent.

6. Yokomaha — ALLCOCK, Minnie — American — Acquaintance of Philip and Nat Kaplan, on MIB List, and made inquiries about them. (88 Bluff, Yokohama).

7. Mongolia — ANDERSEN, — German — German spy at Kiachta, Manchuria; said to be distributing money to enemy agents and in correspondence with Berlin.

8. Chungking — ANDERSON, A. Smide — Swiss — Supposed to be associated with Dr. ASSMY and ELLY WIDLER on the upper Yangtze.

9. Shanghai — ANDERSON Elam J. — Swedish — Mildly pro-German Swede at Shanghai.

10. Andong, Chosen — ANDERSON W. J. — American — Anti-British

11. ANKERSMIT, A. — Dutch — Deventer, Holland firm connected with Van Houten, Steffan & Co.; doing business in Java.

12. Yokohama — APEAR, Mrs. Daaua Agabey-Armenian — Has written MIB subjects for letters of identification to aid Armenian refugees; correspondence being watched. 220-A Bluff, Yokohama.

13. Tokyo — ARAHATA, K. — Japanese — Evidently an IWW, sent W.D.Haywood contribution of $50.00, and is probably associated with S.J.Rutgers. Haywood wrote, thanking him. Baibunsha 1-Chone, No.4, Yurakueko, Kajimachi, Tokyo.

14. Shanghai Harbin — AREDIEFF, Alexandre — Russian — Shanghai refused visa Nov.7-1918 because passport not visaed by Harbin Consulate, where he lived; references also insufficient.

15. Vladivostock Harbin — AREDIEFF, Mrs. Alexandre-Russian — Passport not visaed by Harbin Consulate: see above.

16. ARMBRUSTU, Rose T. — American Pacifist Missionary at Akita, Japn
Akita, Japan

17. ARNDT, E. L. — German — Endeavoring to communicate with Germany in behalf of Miss Adelhaid McGregor, King Road, Saginaw, Michigan. Rue Nouvelle No.12, Hankow.
Hankow

18. ARNDT, — German — One of three Germans arrested at Urga, Mongolia, with forged Dutch passports.
Urga, Kiakhta

19. ARNOLD, von — Russian — Harbin Chief of Police; said to be pro-German and that he permitted enemy prisoners to escape via Changchun.
Harbin

20. ARONOVITCH, Isaak — Russian — Visa to U. S. refused because of insufficient reasons.
Harbin " , Rachel

21. ASCHBERG, Olaf — Swedish — Probably head of Nye Bankers of Stockholm and Retrograd, engaged in financing Bolsheviks and German trade.
Russia

22. ASSMY, Dr. — German — Major in German army; caused trouble in Szechuan among Chinese in 1917-1918.
Szechuan, Chungking

23. AXCAR, Mrs. Diana Agabeg — Armenian — Soliciting funds for Sending Armenians to U. S. 220a Bluff, Yokohama.
Yokohama

B

24. BABAOSHARE, Abraham Jouan — Persian — Left U. S. to escape draft, supposed to be in Japan & seeking to return.
Japan

25. BACKAUER, Rudolf — German — Reported "Chief of Reconnaissance Dept." German Gen. Staff in Russia; issued Russian passports to Goshi AKINO, Minezo IKEDO, Kushi TAKEHANA and Kuniso NIGO who were to be sent to U. S. as German agents.
Russia

26. BAKER, Edwin — American — Violently anti-British and pro-German religious fanatic-Himeji, Japan.
Himeji, Japan

27. BAKIROFF, Sakijan (see "V") — Russian — Visa application referred to Washington by Harbin.
Harbin

28. BALOD, Andrey — Russian — Shanghai refused visa Dec. 11-1918 account no necessity for journey.
Shanghai

29. BALTZER, Lydia — American — Writing, stated she feared money invested in Liberty Bonds would be lost, and recommended Chinese loans at 30 per cent as better.
Tsai Hsien

30. BAUER, Rudolf — German — See BACKAUER.

31. BANKHARDT, Fred — German — Missionary of the M.E. Mission at Yenping.
Yenping.

32. BARBET, — Swiss — Born in Switzerland; volunteer in Germany army before war; arrested by Roumanians during winter in Mongolia as spy; was part owner of Hotel de la Paix at Tientsin.
Tientsin

33. BARLEY, Willy — German — Suspicious person, was formerly in Tientsin, later supposed to be in Shanghai.
Tientsin, Shanghai

34. BARRANT, Oliver E. — American — Harbin merchant; apparently an adventurer; formerly in San Francisco. Lost passport in August, 1918; associations not considered strongly pro-Ally. Friend of Miss A.A. Constantinova, of Harbin.
Harbin

35. BARTEL, Rev.H.C. — German — Evidently a German missionary Correspondent of editor of German paper in Chicago.
Tsao Hsien (Shantung)

36. BATTENGAGE, — German — Apparently variation of spelling of Buttengeff, German agent in Vladivostock in Jan.1918.
Vladivostock

37. BAUTZ, Karl — German — Prisoner of war; intimates in letter that he may be able to forward correspondence to Germany.
Banco, near Tokushina, Japan

38. Kuling, Yochow — BECK, E. A. — American? Missionary at Kuling, Yochow; friend and surety for HEINRICHSOHN, German missionary.

39. Kuling — BECKER, — German — Missionary at Kuling; friend of Albrecht Sander.

40. Nanking — BECKER, Albert — German — Enemy war prisoner in Camp S-90 at Nanking.

41. Shanghai Tsinanfu — BEERMAN, Joseph — German — Left U. S., went to Shanghai, and in writing wife said he would probably go to Tsinanfu.

42. Tientsin — BEHNSZEWICZ, A. V. — German — Formerly at Tientsin; sent letters to Germany under cover of Tyska Hjilpforeningen.

43. Russia — BEHR, Alexander V. — German — Interested with Boris Bakhmetieff in Venezuela Trading & Shipping Co. Was made V.P. of Russian-American Chamber of Commerce at Moscow at request of Baron Knopp of German cotton interests.

44. Japan — BENCK, Caesar — German — Member of firm of Benck & Kretzschmar of Tsingtau; prisoner of war in Japan.

45. Kobe — BENENSON, Semen — Russian — Kobe Consul refused visa Sept. 28, 18 because references unsatisfactory and on Dept. cable.

46. Peking — BENSCHOBER, Van, Miss Frieda — Addressee of anti-Japanese letter. (Tsinghua College, Peking).

47. Taiping — BERGEN, Bertha — German — Missionary at Taiping-Fumen.

48. Hulan-fu Heilungkiang — BERNIK, — German — Associate of Boehme, Rosbach and other Germans intriguing in the Orient; was at Hulan-fu.

49. Hengchow, Hunan — BERST, Dr. W. L. — — — Missionary at Hengchow, Hunan; evidently anti-German but tendencies not clear.

50. Fukien — BETOW, Dr. (woman) — German — Missionary said to be in Fukien.

51. Taiping — BEYSIEGEL, Magdalena — German — Missionary at Taiping-Fumen.

52. Kobe — BICKERT & CO., — German? — Communication received by this firm thru intermediary from Hamburg branch of Sander, Wieler & Co. (Kobe)

53. Shanghai — BINDER, Juanita — German — sister and correspondent of Ernesto Barnewitz, probably acting German Consul at Ciudad Bolivar, Venezuela (C/o Gustav Binder, Ferd. Bornemann & Co., Shanghai).

54. BIRSENECK, Nicolas — Russian — Sailor on United Fruit Co. SS "Mandeville." Nothing definite.

55. Shanghai — BLANC, Aristide — Roumanian — Represents Bank of Marmarosch - of Bucharest. Report says he is to be regarded with suspicion in spite of excellent credentials. Roumanian Mercantion Co., Shanghai.

56. Hongkong — BLANTENSTEIN, — Hungarian — Alias of Janos de Mezey Hun. Lieut. of 32nd Honvedt Reg. of Inf. Escaped prisoner of war from Siberia, arrived Hongkong with Russian passport, now in Victoria Jail, Hongkong.

57. Changsha — BLASNER, G.&Dora — American — Missionaries at Changsha. Writing friend said "God save us from Democracy." "A madhouse which the walls and bars have vanished would be a safer place for a neighborhood."

58. Harbin — BLEECHMAN, Jacob — American — Merchant at Harbin Writing relative, suggested Yiddish to evade censorship. Procured export license for furs he didn't have; business activities unscrupulous. Information received Dec. 24th indicates he is seeking to ship or smuggle arms and ammunition to Bolsheviki and the question of his deportation is likely to be considered. Manages United States Manufacturers' Export Corporation. Writing member of that firm in New York, he gives his son, Sam, as Bolshevik and of criminal tendencies, and says he will see that Sam is deported from the U. S. Amendment to Siberia refused Dec. 24-1918. Jacob, Isaiah and Sam Bleechman connected together in same firm in Harbin.

59. Harbin — BLEECHMAN, Isaiah — American — Visa to Siberia refused January 2, 1919 by Legation's instruction to Harbin

60. Harbin — BLEECHMAN, Sam — American — Father regards him as Bolshevik criminal.

61. Moscow - Russia — BLOCK, Vladimir — Russian — Addressee of suppressed cablegram from Block, 157 E 81st St., New York. (Miasnitskaya 29, Moscow).

62. U. S. — BODE, Henry (alias Wilson) — Arrested in Mexicali, informs on German agents.

63. Vladivostock — BODWINIC, Abram — Russian — Young Jew trying to get to U. S. writes friend to send him papers. (Kontor Steinberg, Vladivostock).

64. Manila — BOEHM, — German — Confederate of spy and plotter, Henry Steeneck, who came to Manila to assist Indian mutiny.

65. BOEHME, (BOHME) — German — Officer of Dragoons; associate of Bernik, Rosbach and other Germans at Hulan-fu who were said to hold threads of German organization in Orient. Now interned at Hulan-fu. Attempted to claim U. S. citizenship at Harbin Consulate in November - 1918, but refused.

66. BOLMSZEWICZ, A. V. German See BEHNSZEWICZ
Tientsin

67. BOLANCKOMN, Alexandru Russian Evidently anti-
Vladivostock German Galician; - Ghniloi Ughol, Vladivostock

68. BOISSEVIAN & CO., American Bankers and
New York brokers suspected of trading with enemy via Holland. 24 Broad St., New York.

69. BORN, August German War prisoner at
Nanking Nanking. Wrote Rudolph Flohr, New York, about some money and books the latter sent him.

70. BORYER, Mrs. American Missionary at
Chinkiang Chinkiang(?) said to be pro-German but to have joined Red Cross and came out on side of Allies under pressure of "Bishop's request."

71. BORZOF, Russian Professor at
Harbin Commercial School in Harbin, suspicioned of being pro-German.

72. BOUCHEZ, Benjamin Mexican Prominent mem-
Frisco, Mexico ber of Mexican Mission to Japan. Sailed from Yokohama for Frisco on Kawa Maru June 26,'18.

73. BRADLEY, Dr. J. B. American Made pro-German
Taichow, Kiangsu utterances, Missionary at Taichow, Kiangsu. After investigation his board exonerated him

74. BRETON, German School teacher
Hengchow, Hunan and propagandist at Hengchow, Hunan.

75. Brines, Mrs. Celia American 8th Day Adven-
Shanghai tist.

76. BROMFIELD, Mrs. Helen W. American Suspected car-
Shanghai-U.S. rier between Julia Ross formerly in Shanghai, and her sister, Gwendolin Ross, in U. S.

77. BRONKHORST, Mrs. A. Van American Teacher at 114
Kurume, Japan Sasayama Machi, Kurume, Japan.

78. BRONWER, Philip & wife American 7th-Day Adven-
Batavia, tists, member S.D.A. Church of Java. American Consul Batavia flagged suspicious.

79. BROWN, Heinrich Jacob German Pro-German Men-
Kaichow, U.S. nonite Missionary at Kaichow, said to be now at Mountain Lake, Minnesota.

80. BRUCH, Otto German Sends letters to
Shanghai wife in Germany thru Tyska Hjalpforeningen, of Stockholm. (28 The Bund, Shanghai).

81. BRUNNER? Paul German Interned at
Nanking Nanking; writing Mrs. L.Pfeifer, NY City discusses German military tactics, &c.

82. BUDBERG, Baron (Dr.) de Russian Jew Medical practi-
Harbin tioner at Harbin; raving pan-Germanist; anti-Russian; cunning and shrewd. Delves into scandales and is very mercenary.

83. BUNESE, M. German? Author of postcard to Karl Dehm, Frisco, warning him to be careful and he had been deported from Japan.
Japan

84. BUNSEN, Helene German Writes letter to Germany to be forwarded by Tyska Hjilpforeningen Peking
Peking

85. BURGER, J.A.I. Dutch Director of several companies; lives in Dutch East Indies. Reported having arranged in Berlin and Hamburg a consolidated rubber company.
Dutch East Indies

86. BURGMANN, F. German Business man attending to the affairs of Ed Schroeder, of The Bayer Co. of Frisco. (31 Weihaiwei Rd.)
Shanghai

87. BURNS, Juan T. Mexican Head of Mexican mission purchasing machinery in Japan for making arms and ammunition. Said to have tried successfully to get to Europe via Siberia. Was still in Japan in July, 1918. Tried to get to Hamburg to become Mexican Consul there.
Japan-Mexico

88. BURTT, Rev. E.P. American Recipient of letter from M.H.Wickson, Los Angeles, Cal., regretting we spend billions for war instead of missions
West River, Shinhing, Kwantung

89. BUTTENGOFF, German Agent in Vladivostock took in Jan. 1918.
Vladivostock

90. BUSSER, German Arrested at Urga with two others, carrying forged Dutch passports.
Urga

91. BYCHOVSKY, C. A. American Harbin merchant; related to and mixed up with Leipzigs-werther & Fuerth. Gustavus J. Fuerth in New York is sole representative of this enemy firm of K.&F., and Bychovsky represents them in Harbin.
Harbin
See 167, 326, 688.

92. BYCHOVSKY, Yuda American In the same firm.
Harbin.

C

93. Shanghai — CAMERON, Harry H. — American — Probably draft evader. 35 Dixwell Road, Shanghai.

94. Murmansk, Russia — CAMPBELL, E. — American — YMCA worker in Russia, wrote anti-American letter to brother.

95. Foochow — CARTWRIGHT, Frank F. — American — Writing, predicts war between yellow and white races unless missionary work supported, and believes nations at war punished for specified acts. (Foochow).

96. Petrograd — CATALOFF, — Russian — Sender of obscure cablegram (suppressed) to Nicholas, New York.

97. Shanghai — CATTARO, Jean — Roumanian — Arrested in Shanghai by French authorities; had data regarding Roumanians in Japan, apparently for blackmail purposes. Released in Sept. 1918.

98. New York-Japan — CATUREGLI, Dr. Alfredo — Mexican — Handled money for Mexican-Japanese mission, financial agent of Mex. Govt. (120 Broadway, New York).

99. Petrograd — Cernius, John — Russian — Bolshevik; addressee of Lithuanian letter from Socialist Katilit, Middleboro, Mass.

100. Manchuria-Yokohama — CETERT, Van-A — Dutch — Associated in business in Manchuria & Siberia with Van Ryckevorsel, Givotovsky, Pontiloff and others. (Grand Hotel, Yokohama).

101. Tientsin — CHENG WEN CHING — Chinese — Sents Montgomery Ward & Co. letter thought to be by a German. (307 dan yi chuang, Tientsin).

102. Peking, Tientsin — CHEVIGNE, Madame — Russian — Travels with brother, Georges Svitsky (Sversky); both said to be in Peking or Tientsin, and dangerous enemy agents.

103. Peking — CHIU CH'I CH'IEN — Chinese — Minister of Interior; has close relations with Germans, at Peitaiho and Peking.

104. Canton — CHONG WING WA — Chinese — Addressee of letter from Tom Qu, 193 Main St., Stamford, Conn. telling of possible misuse of passport. (Wing on Chungieu, Toisang, Canton)

105. Vladivostock — CHOUBERT, Jean — Russian? — Visa refused Sept. 12-1918.

106. Nanchang — CHOW, — Chinese — Teacher in Methodist school at Nanchang, apparently informed Dr. Kupfer.

107. Shanghai — CHOW WONG — Chinese — Joint author, with Hsin Inin Lai, of letter containing hostile references to Tom Gunn. (c/o Nan Tseng Rond, 1 Shung Pon Sha, Shanghai).

108. Shanghai — CHRISTIANSEN, Miss Emmy — Dane — Addressee of letter about starting business in Copenhagen with one Carl Heasseu (MIB). c/o Andersen Meyer & Co., Yunn Ming Yuen Road, Shanghai.

109. Harbin — CHTCHLOKOBO, — Russian — Owns bookstore in Harbin; anti-Russian, fined by Horwath for insult to Allies in 1914.

110 — CHUEN (See NYI) — Chinese — Said to have German adviser and to be an official, connected with Gen. Nyi.

111. Peking — CHU CHI CH'IEN — Chinese — Business man regarded as pro-Japanese on directorate of Continental Commercial Co. with Liang Shih Yi.

112. Japan-California — CIRLOS, Lt-Col. Emilio R. — (Mex) — Member of BURNS mission to Japan.

113. Kobe — CLARKE, George Dell — British — Kobe Consul refused visa Oct. 26-1918 because journey unnecessary.

114. Kiukiang — CLEO, Timothy — Chinese — Said to be openly pro-German and using school at Kiukiang to foster feeling against U. S.

115. — COHN, Morris S. — American — Suspect.

116. Hunan Mission Yunchong — CONGER? Lottie Lucas — Americam — Writing to relative says, "If Lawrence were in S.D.A. he would be exempted," (7th Day Adventists), and discourged aviation.

117. Vladivostock, Japam — CONSTANTINOVA, Mm. — Russian — Maiden name SAZONKINE, also known as Elly Litoff, Lubow and Lutoff; German political spy and dangerous adventuress About 21 years of age; was in London in Dec. 1916 and left for Russia; drew attention thru conversations regarding military matters; came to Vladivostock in Dec., 1917 Gave evasive answers; thought to be in Japan in Dec., 1918. Passport bears British visa to effect that "Must not be allowed in the United Kingdom during the war."

(See No.385-121)

118. Harbin — CONSTANTINOVA, Mm. Agnes A. — Russian — Came from Petrograd in later part of 1917 or early part of 1918 to Harbin. Lived long time at Grand Hotel, associated with and claimed to be working for GREENKRAUT, and both of them pretended to represent an American firm. Always dressed well, appeared prosperous, liked to discuss Russian politics and likely policies of Allies; and French report asserts she had relations with Semenoff's officers. On one occasion she said Japanese would not let her land in Tsingtau in 1915 or 1916 thinking she was a spy. Her employer and she were friends of HAAS, an intimate of GREENBAUM, both of whom are suspected of enemy sympathy. Was always secretive of whether she was married, family relations, &c. While facts are not at hand, it is quite possible this is the same person as No. 117 above. She has expressed an intention of going to America; and it is believed she should not be permitted to go there. At present in Harbin.

See No.385-121-205

119. Wuchow, S. China — COWLES, R. I. — American — Deprecates interest in the war instead of in missions. Wuchow.

120. alias KRAMM, Petrograd, Stockholm. (See 440-a; 469) — CRAMM, Madam Matilda — Russian — A woman considered to be an intimate of Von Mirbach, former German Minister to Greece and later German Ambassador to the Bolshevik Govt., former wife of Edgar De (von) Cramm, now at Shanghai - a German agent. Lived in Petrograd - well known to American - came to New York with persons connected with the Black Tom Island explosion in 1915. Should not be permitted in U. S. Thought to be in Western Russia or Sweden. Claimed to be teacher of French.

121. Shanghai-Japan — CRAMM, Edgar de (von) — Russian — German agent, the husband of No. 120. Address in Iquique, Chile, was in care of the German Consul. Letter from Georges Jacobsen, Rio de Janeiro, Brazil, to subject, indicates he is a German agent and has others in Havana, and has tried to smuggle rubber to Norway. LEWIS and KERWIN are companions of Cramm; they came to Japan in latter part of 1918 and were reported headed for Dairen. Cramm was born in Riga, Russia; left in 1915 for America, and has since been traveling in North and South America purchasing goods to be shipped to Russia. Was arrested in United States for violating Mann white slave law, but by some device managed to come to Shanghai in Nov., 1918, in company with Henry Gruenbaum. Gruenbaum, or Greenbaum, opened an office at 50 Kiangsi Road, Shanghai and is reputed representative of Sonn Bros. of New York, and Cramm is associated with him in business. Troubnikoff (Troubitoo), is also an associate of theirs His former and correct name is Salmann. It is considered that the interests of these men are detrimental to those of the Allies. GREENBAUM, HAAS, KERWIN, LEWIS, TROUBNIKOFF CONSTANTINOVA may also be referred to in this connection. Greenbaum was permitted to return, with proper identification.

122. Batavia — CRAMER, P. C. — Dutch — Employed by German firm of Windsor & Co. Anti-Ally. Reported leaving Bangkok for Netherlands for India in July, 1918. Probably now at Batavia, Java.

123. Mukden — CRAWLEY, P. S. — American — Wrote his brother how to evade the draft; agent for Tobacco Products Company.

124. Harbin — CROSNIER, — French — Deserter living under the name of Monsieur Paul at Harbin.

D

125. Moscow — DAMENSTEIN, Russian. Sender of suppressed cablegram to Klipstein, New York, inquiring about paraffine, potassium chloride and zinc oxide for Bolshevik government. (Moscow, Russia)

126. Shanghai-Canada — DANFORD, Frances Matilda, Miss, British. Member of Apostolic Faith Mission. Visa permitted Nov. 23-1918 thru U. S. to Canada.

127. Peking — DANTON, G. H. American. Correspondent of A. R. Hohlfeld, Professor in German, University of Wisconsin. (Tsing Hua College, Peking.)

128. Hongkong — DARRIEARIERE, A. Th. Dutch. Visa refused Sept. 21-1918 by Hongkong because failure to make alien declaration either in Dutch E.I. or at Singapore, and reasons insufficient. (Probably at Hongkong)

129. Shanghai — DASILVA, Carolina Maria. Portuguese. Applied for visa thru Shanghai Oct. 21, 1918. Instructions sent Oct. 22, 1918, to investigate and grant visa if satisfied of bona-fides.

130. — DASILVA, L. G. Portuguese. See above.

131. Chungking, Manila — DAS, Taraknath. Hindu. Leader of pro-German and anti-Ally activities, promoter of Hindu uprising, German agent and plotter. Was in Chungking, Manila and other places.

132. Hongkong — DE MEZEY, Janos. Hungarian. Alias of Blantenstein, a Hungarian Lieutenant of the 32nd Honvedt Regiment of Infantry; escaped war prisoner from Siberia. Arrived in Hongkong with a Russian passport, now in Victoria Jail there. Supposed to be intimate with sister of Mr. Fischer, Chief Manager of Hotel Bristol, N.Y.

133. Irkutsk — DE SPILLER, Colonel. Russian. Traveled through Russia from Roumania on letter from U. S. Asst. Mil. Attache to Roumania, in company with Frank Gladky. In jail at Irkutsk, where Am. Mil Attache called on him. Came to Peking and sought visa to America. His papers were taken up and visa refused. Bona-fides questioned.

133a. — DE VILLA, Mauso- Viscount. See No. 713.

134. China-Russia — DGIVOTOFSKY, A. L. Russian. Reported negotiating sale of Russian Steamship & Trading Co. to a Danish firm and thru them possibly to the Germans who now probably have physical possession of their property on the Black sea.

135. Switzerland, China, Japan — DEWAL, Von. Swiss. Reserve officer formerly in postal service in China; German rep. of Frankfurter Zeitung; very friendly to Japanese in Switzerland; speaks Chinese fluently; influential with Manchu sympathizers.

136. Taiping — DIEHL, Friedrich. German. German missionary at Taiping-fumun.

137. DIEHN, August — German — Associated with Helferich and Radamacher; said to have instigated mutiny at Singapore. (At Padang or Medan, Sumatra.)
Padang or Medan, Sumatra

138. DIESE, Paul — German — German agent at Vladivostock for purpose of working out plan of export of Japanese and American military goods west from Vladivostock; otherwise he and Edward Schindler were to see them destroyed.
Vladivostock

139. DIETERICH, Dr. — American — Bishop Roots communicated with regarding desire of Mission Board to cancel contract account questionable loyalty. Mr. Roger Greene, of Rockefeller Foundation, said he believed him to be loyal. Dieterich tendered services to go to Siberia.
Peking

139a. DI VILLA, Mauso — Italian — See No. 713

140. DOBERNICK, — German — German officer; large; florid, shaven, blue eyes, scar behind right ear. March to June, 1917 was active in attempts at destruction in the Baikal district has passport and is citizen of Riga. Until November 1918 was in Harbin.
Irkutsk-Harbin

141. DOMINIO, — Jew — Wrote Jacob Buschbacher 330 W. Master St., Philadelphia, describing conditions in Austria.
Beresookia, Siberia

142. DOUGLAS, C. W. — American — Loyalty not questioned, but report should be had. Name appears on an earlier suspect list.
Shanghai

143. DUISBURG, Marie Von — German — Teaching Germanism to children in Java. Author of pro-German letter to Mrs. F. Woods Bechmann, Altoona, Penn.- (31 Palmenlaan, Soerabaya, Java.)
Java, Soerabaya

144. DUNVOORT, G. P. — Dutch — Addressee of pro-German Dutch papers from Paramaribo. (Weltevreden, Java.)
Weltevreden, Java

145. DUTHALER, August — German — Reported by French Staff as engaged in political and commercial espionage for Germany, and to have relations with Manaff, Consul Gormostariff, Count Takski and Sergnereff, Pres. of Geneva Russian Chamber of Commerce.
Petrograd

E

146. EBERLEIN, Russian Adjutant of Sammer, Harbin Commander of Harbin; both said to be pro-German.

147. EFFENBERGER, Austrian Jew Leader of Inter- Harbin nationalists calls himself engineer; dark complexion; bushy eyebrows contracted at top of nose; black moustache; active destroyer of the POUTIL FACTORY since 1912. (Harbin.)

148. EISENMANN MAGNETO CO. American? Implicated in the Detroit,Mich. confession of Henry STEENECK, Alias SCHULZ. (Detroit, Mich.)

149. EKONOMOFF, Bulgarian Propagandist who is New York,NY. said to be in New York and to have sent many revolutionists back to Russia.

150. EIDRIDGE, Lou American Mentioned as an Nanking alleged spy in correspondence addressed to D.A.J. Bowen, Nanking University, Nanking. Mrs. Eldridge is presumably acquaintance of "Armt Cora," the writer of the letter.

151. ELIASSEN, Sigurd Swedish Gudrum Gabrielson, of Minneapolis, writes Eliassen that he does just what Dr. Leonard (pro-German) tells him to to do. (Eliassen is in Coast Inspector's Office C.M.Customs, at Shanghai).

152. EIPERINE, Russian Sender of suppress- Sararov, ed cablegram to Doran, Gen.Del., Dallas, Texas. Russia (Malnitker Uljinskaja, Saratov, Russia).

153. ELTERICH, Anna Mary,& W.O.-Americans-Presbyterian Miss- Seoul, ionaries at Seoul; said to have tried to dis- Korea suade persons in Korea from aiding Red Cross & similar war activities; Consular report clears them of any suspicion of disloyalty.

154. ENGLE, Rev. Otto American Apparently deeply Randolph,Wis. interested in American political and economic activity in China; probably was missionary here. Wrote for full information regarding such matters.

155. Ernst, G. German Wrote to Dora Ernst Peking Hanover Germany via Tyska Hjilpforeningen, Stockholm. (Peking).

156. EVERS, Albert American Son-in-law of Dr. Peking Caspar Pischel; working for Rockefeller Foundation in Peking. Writing to Dr. Pischel expressed anti-American sentiments. Investigation leads to believe in his loyalty.

F

157. Shonghong via Swatow — "F.J. & AGNES" — German — In correspondence German they stated they had no news from "home" (Germany). Shonghong.

158. Shanghai — FASTINGS, Edwin Frederick-American; " Mrs., E.F. — Missionaries at Shanghai, suspected of pro-enemy sympathies. She was Lida Cantrovitch and is a disciple of Emma Goldman. He works for Large & Co., at Shanghai.

159. Siberia, Japan — FOGELBERG, L. Regnar — Swedish — Companion of HACKZELL - both of whom are charged with German activities. Accompanied WALLENBERG, Swedish Minister to Japan, enroute thru Siberia but were detained by Czechs and obliged to return, and after Department gave instructions permitting visa, they left Japan enroute to Sweden.

159a. FORD, Oerstel — German — Tsingtau; See 748.

160. Archangel, Russia — FRANKE, (or Frankel), Bernard — Russian — Asst. Commissar for War at Archangel; Arch-Bolshevik; pro-German; resided in luxurious yacht at Archangel; went there to help Bolsheviks and Germans ship Allied stores into interior of Russia; claimed American citixenship but went around on Bolshevik certificate. Reentry to America should be prevented.

161. Peking, Nanking — FREDERICK, William — American — Associates with Germans in and around Peking, suspected of German activities.

162. FRESNAYE, L'Abbe de la — British — Supposed to be German spy and acquaintance with Bolo Pasha; friend of Korkor Minassian, of New York City. Came to Shanghai in October, 1918. After surveillance, has departed thence for Vancouver. U. S. Visa refused, by circular No.4 (See 377a)

162a. FRIBERT, Christian Frederick - — See No. 637.

163. Japan — FRIESENBERG, — Russian Jew — Traveling under assumed name; aged 35 to 38; reported in Sept. 1918 to have left for Japan at end of July. British report him as German spy and agent.

164. Tientsin, Shanghai — FRITTEL, M. — German — At Tientsin. Same as Tiettel, Shanghai

165. Taiyuanfu, Kalgan — FRUSCHTSE, (A. Juschke) — German — Connected with American Trading Association at Taiyuanfu and at Kalgan.

166. Dairen — FUCHUS, Harry — American? — Mentioned as a suspect. (Dairen).

167. New York, Harbin — FUERTH, Gustavus J. — German — Sole representative in New York of the enemy firm of Heinrich M. Koenigswerther, of Leipzig, Germany,- offices at 151 West 26th St. Fuerth is related to C.A. BYCHOVSKY, of Harbin, who represents him, and is associated with Harry TODRIN, of New York, a dummy used to receive cargo from the orient.

168. FURSTENBURG, Jakob (Granitsky) — Russian — Crook supposed to be the head of the Finance Dept. with the Bolsheviki. Gave banquet in Copenhagen, among those present being Stauning, Parcus and Voroosky. (Alias Granitsky).
Russia

Los Angeles

G

adolf Luetto. Jos. Buehler

169. GARCIA, Adolf (Alias Garcia) — German — Henry Bode implicates him as paymaster of German funds in Mexicali and Lower California.
California

170. GARFNICKER, Ewa — Finn. — Addressee of suppressed cablegram from David Garfnickel, 1135 51st St., N.Y. asking her to come immediately; stopped because destination enemy territory.
Abo, Finland

171. GCHERLITZ, J. — Writing The Grower Knitting Co., N.Y., asks them to assist persons mentioned in sending him money. (Kudan P.O. Box 5, Tokyo, Japan).
Tokyo; Japan

172. GELMAN, Gersh — Russian — Addressee of suppressed cablegram from Max Mannes, New York, requesting birth certificate of Matos Manasevitz.
Podolsk, Russia

172a. GERBER, Miss Lina Elisa — Swiss — Missionary at Tsaochowfu, Shantung. Applied for visa Jan. 9, 1919, for travel to U. S. on Furlough. Nothing appears against her, and no objection made to granting visa.
Tsaochowfu, Shantung

173. GETGHEBUER, Alida (Miss) — American — (See GOETGHEBUER)

174. GEYN, Van, F. X. — Dutch — Suspected Dutchman who has done considerable travelling around the U. S.; last reported going to New York.
New York

175. GIESE, H. — German — Head of German Basel Mission at Kaying.
Kaying

176. GILMAN, Alfred — American — Writing a friend, says he objects to driving the Germans out of Kuling like so many cattle; and that he and Bishop Roots are on such good terms that he would not do anything the Bishop did not approve of. (Boone University, Wuchang).
Wuchang

177. GINSBERG, Baron Alexander Russian Jew Negotiated with the Japanese for the partition of Russia and is suspected of beibg a German agent. (See GUNZBERG)
Russia-Japan

178. GINSBURG, Morsey Russian Came to New York in the fall of 1915 or winter of 1916; was a man of mystery. Married to Viennese woman; went to Japan and may be there now,
New York Japan

179. GINSBURG, Rachel Russian (Harbin) Wrote regarding Bolsheviki activities in Harbin.
Harbin

180. GIVOTOVSKY, Russian Formerly of Vladivostock, where his business is now in the hands of one Van Ryckevorsel, associated with Pontiloff and A. Van Cetert.
Vladivostock

181. GLADKY, Frank Russian Accompanied Col. De Spiller from Roumania thru Russia. Both tried to go to America. De Spiller called on Mr. MacMurray and documents given him by Asst. Mil.Attache to Roumania were taken up, sent to Russian Legation, and return asked for. Col. Tatarinoff, of the Russian Legation, regards both Gladky and De Spiller suspiciously.
Peking,Russia

182. GLOVER, Robert H. American Writing from New York to Rev. R.A.Jaffray,Wuchow,West River China, he refers to "boasted democracy has assumed autocratic powers."
New York

183. GLUSHANOK, American Member of firm of Glushanok & Hill, of New York and Mukden. Frank M. Hill recently sought to sell platinum to the U. S. Government in Manchuria, and used information that the Government would buy as a means of constituenting himself a purchasing agent. He is suspected of pro-German activities. No information at hand regarding Glushanok, who is supposed to be in New York.
New York

184. GOETCHEBUER, Miss Alida American In the summer of 1916 she lived in Stockholm with Charles Perrin, an Austrian Jew suspected of being a German spy. They later lived in Petrograd. She endeavored to leave Russia by way of Archangel in Nov.,1917, but was not permitted to do so. Capt. Easterly, QMC, N.A., has been trying to get her a passport so she can return to America and marry him. Telegram was sent her in care of Amembassy Petrograd. It was not believed that she was directly connected with any wrongdoing, but her association brought about the questionable situation.
Stockholm, Petrograd

185. GOLDKETTE, Mme. Argelina Russian Addressee of peculiar letters from Jean Goldkette, LaPaz, Indiana. (Address care Ivan Poliakoff, 48 Imperial Hotel, Tokyo, Japan).
Tokyo, Japan

186. GOOSENS, Emile Dutch Wrote sneering anti-American letter to M.H.J.Steenbergen, New York, while on way from U.S. to Java. Is evidently a pro-German Dutchman.
Java

187. GORHAM, Wm. J. American Wrote Wm.H. Carr, 127 Mission St., San Francisco, regarding the promotion os an aeroplane bureau with the Imperial Family behind it.
Yokohama, Japan

188. GORO, Viscount Miura Japanese Gave out rather anti-British interview Apr.20,L918.
Japan

189. Grand, Henry Ernest Vital Manager of Grand, Miller & Co., now absorbed by Comtoir Francais D'Oceanie; and considered to have relations with Germans, having been an employee of the Societe Commercial del'Oceanie a German subsidiary of Sharf & Kayser of Hamburg. (Tahiti, Society Islands.)
Tahiti, Society Is.

190. GRANITSKY Russian Probable alias of Furstenburg; Bolsheviki Finanve Dept. head.
Russia

191. GRAHAM, Sterling Aird British Member of Apostolic Faith Mission at Changsha. Visa thru U.S. to Canada permitted Nov.23-1918.
Changsha

192. Graves, Royal Herbert American Visa granted to Manila Nov. 11,1918. No evidence of improper activity. Probably in Shanghai.
Shanghai

193. GREENBAUM, (GRUENBAUM, GRUNDBERG) Henry American Companion of Von CRAMM, HAAS and TROUBNIKOFF. Came to Shanghai in Nov. 1918 from Japan. In company with Haas at Yamato Hotel, in Dairen, he spoke German and expressed pro-German sentiments. Opened an office at 50 Kiangsi Road, Shanghai, as representing Sonn Bros., of N.Y. He made the statement that he was doing "American Government Secret Service Work." After consultation it was finally decided to give him visa to U.S., with proper marking; accordingly in Nov., 1918, he sailed for America.
Shanghai- Japan- U.S.

194. GREENBIE, Sidney American Teacher in the Higher Commercial School at Kobe, Japan. Refused to register under Military Service Law after repeated warnings.
Kobe, Japan

195. GREENERAUT Jew Claims to represent the Philadelphia firm of Duncan, Hood & Co., at Harbin. Alleged employer of Mme. CONSTANTINOVA (who is a friend of Mrs. HAAS - the wife of GREENBAUM'S associate and friend of Von CRAMM). Always appears prosperous, moves in secretive circles, gives no intimation of his business. Lived long time at Grand Hotel. Associates mostly with Mme. Constantinova and Oliver E. Barrant. French secret service reports him as engaged in enemy activities. Mme. Constantinova said during the summer of 1918 they wanted to go to Manila or the U.S., and probably do so later. Accordingly, it is suggested especial attention be paid to any application for visa by these individuals. (May be: GRINKRAUT)
Harbin

196. GREEVE, Klaus — German — Intermediary for correspondence between K.L.Yindschungan, in charge of enemy internment camp at Hailun, Heilungkiang, Manchuria, and Anna Fittscheu, Hamburg.
Hailun, Heilungkiang

197. GRINKRAUT, — Jew — Same as GREENKRAUT; may be another way of spelling the name.
Harbin

198. GRIMBLE, — British — See MAC CALLOUN, F.F."

199. GROHE, Louis Clemens Johan-American — American Consul N.T.Johnson, at Shanghai Sept.14-1918, refused registration under Instruction 573 Aug.7-1918 on ground of being violently pro-German and consorting with Germans.
Shanghai

200. GRUNDBERG, Henry — American — Same as GREENBAUM, Henry.
Shanghai-Japan-U.S.

201. GRUNSWALDT, — German — German agent reported in Mohilev, Russia, as trying to get to France under the name of Ivan Kalnin.
Mohilev; Russia

202. GUNN, Tom — Chi.-Am. — American, born Chinese. Draft registrant; traveled about U.S. in March 1918 obtaining quotations on aeroplanes and parts in behalf of Kwangtung government; had German fuses and was suspected of acting in behalf of Germans. (1114 Powell Street, San Francisco).
U. S.

203. GUNSBERG, Jacques — Russian — Reported in Japan; suspected connection with German propagandists in Russia and Siberia.
Japan Russia

204. GUNZBERG, Baron Alexander-Russian Jew- Nephew of this man is intimate with Bakhmetieff crowd in Washington. Ginzburg is reported to be in Japan, negotiating in behalf of Germany regarding the partition of Siberia; and is regarded as a German agent.
Japan

H

205. HAAS, and wife — American — HAAS is the companion of Henry Greenbaum, and was in company with him at the Yamato Hotel in Dairen, speaking German and expressing anti-American sentiments. In July, 1918, he and wife came to Harbin and there associated with BARRANT, GREENKRAUT and CONSTANTINOVA.
Dairen-Mukden-Tientsin

206. HACKMACK, A. — German — Member of the German firm of Sietas, Plambeck & Co., of Tsinanfu. Export trade in carpets carried on in compradore's name. Office still open, but no trade.
Tsinanfu

207. HACKZELL, Axel — Swedish — Member of Swedish Red Cross. Sought to return to Sweden via Siberia, in company with Fogelberg and Wallenberg former Minister to Japan; Department refused visa Sept.20-1918, and subsequently granted permission Oct.3rd,1918 to go to Sweden via U.S. Strongly pro-German.
Japan Sweden

208. HALLER, Rudolf — German — Apparently a released war prisoner; asks Abe Stein, New York, to send him 200 roubles thru Sven Hedblom of the Swedish Red Cross- Amursksja, Habarovsk. (Spasskoe, Primorskaya, Vladivostock).
Vladivostock

209. HAMM, Jacob — Russian — Addressee of pacifist letter from Gerhard Esan, 303 N.Graham St., Beatrice, Neb.- is apparently a German Menonite.
Chita, Russia

210. HAMMER, Julius — German — His son, Art Hammer, is apparently a war prisoner in Japan. J.H. resides at 11 Yates Road, Shanghai; is not an active German agent, but sends mail thru German Aid Society in Stockholm.
Shanghai

211. HANDELSMANN, — German — An officer of the German Hussars who has for a long time intrigued among the Harbin police. Sought to have himself admitted in Polish Legion at Shanghai.
Harbin-Shanghai

212. HANNEKEN, Von — German — The king pin of German espionage and intrigue in China, who was finally interned on the celebration of the armistice in November, 1918. Directed the Swedish Red Cross and their subtle activities in distributing munitions and supplies among war prisoners in Siberia.
Tientsin

213. HANSEN, — Swedish — Director of the Swedish band, pointed out as a German spy. Delivered himself of pro-German talks at the Oriental Hotel in Harbin. (At Harbin or Manchuria Station).
Harbin-Manchouli

214. HANSEN, Mrs. — She and sister associated with a German woman formerly employed by Thos. Cook & Son, at Shanghai. Nothing definite against them.
Shanghai

215. HARDT, Zurseburch — Russian — Sender of obscure cablegram to Rose Poniskoff, Flatiron Bldg., New York. (Moscow, Russia).
Moscow, Russia

216. HARING, Douglas — American — Apparently a semi-pacifist missionary; at 91 Benten-cho, Ushigome, Tokyo, Japan. — Tokyo

217. HASHUNTO, F., Dr. — Japanese — Recently moved from Magdalena Bay; is brother of N. Hasunoto and is a leader of the 10 Japanese fishermen in Magdalena Bay. Was an officer in the Jap-Russo war and still holds commission. Traveled over Lower California: was interested in places where fresh water might be found on the coast, and in maps, and carried much money with him. — California

218. HASKELL, Rev. R. G. — American — Is probably alike in thought with a correspondent (Wm.E.Blackstone, of South Pasadena, California) who wrote complaining officials at Camp Kearney would not permit a friend of correspondent to speak of the prophetic scriptures. (Pakhoi, South China). — Pakhoi, S.China

219. HASHIMOTO, W. — Japanese — Brother of F. Hashimoto (Hashunoto?) and recently arrived at Los Angeles from an extensive trip through Mexico; believed to be agent for M. Sagawara, is Mgr. of Asano Co., director in Asano Shipbuilding Co., and possibly still in Japanese Military Service. — Los Angeles, Cal.

220. HASS, L. — German — Addressee of German letter from "Jeanette", Filden, Nebraska. — Shanghai

221. HASSAN, — Br.Indian — One of Steeneck's sptes, mutineers and plotters for Germany, ordered to proceed to Bangkok and Bengal and assist uprising of Hindus against the British Government. Implicated by the confession of STEENECK. — The Orient

222. HASSELL, Rev. J.W. — American — Religious individual. Harmless pacifist. (425-1 Karuizawa, Japan). — Karuizawa, Japan

223. HAUSCH, Otto — German — Prisoner of war; B-10, Nagoya, Japan. — Nagoya, Japan

224. HAUSER, — Russian — Expelled from Vladivostock for spying, in 1914; went to Harbin, and owns candles factory there. Corresponds under Chinese cover with Germans at Shanghai and Tientsin. — Harbin

225. HAWKINS, R. D. — American — Probably with the Railway Service Corps. Seems to have bean influenced by Bolshevik propaganda. While his loyalty is not questioned, and it is not desired to refuse him passport privileges, it is suggested that such propaganda is dangerous, considering the extent to which it might go. — Vladivostock

226. HAYAKAWA, Lucas — Japanese — Mentioned in report of Dept. Justice agent at El Paso as taking part in attack on Chihuahua by Pancho Villa. — Chihuahua, Mexico

227. HAYASHI, George Kury — Japanese — Under surveillance at Kelly Field, San Antonio, Texas.
Texas

228. HEATH, Warren T. — American — Wrote strongly pacifist letter to Miss Marie A. Otto, 1619 Ditnas Ave., Brooklyn, N.Y. Under investigation in Sept. 1918. Sailed for U.S. on "Ecuador" on Aug. 20th, 1918. (Chinese-American Co., Shanghai)
Shanghai

229. HEBERLEIN, William — German — German agent at Vladivostock in 1918 (winter).
Vladivostock

230. HEDBLOM, Sven — Swedish — An intermediary for communications with former German prisoners in Siberia. Member of the Swedish prisoner relief corps; frequented Habarovsk, Harbin and Tientsin - where he was connected with Von Hanneken's Hilfsaktion. Is regarded as one of former underground channels of escape for war prisoners from Siberia.
Habarovsk, Siberia

231. HEIDELBACK, Ickelheimer & Co.-American Firm of bankers which issued letters of credit to associates of Jose Maria Carpio in Japan, regarding negotiations for purchase of arms (49 Mul. St. New York).

232. HEIM, K. J. — German — Agent of Nederlandische Indische Escompte Maatschappy, of Batavia, Java, at Soerabaya. Believed to be Karl Heim, on enemy suspect list.
Soerabaya, Java

233. HEINE, Carl Rev. — German — German missionary resident in the Marshall Islands since before their capture from the Germans by the Japanese. Correspondent of James L. Barton, Congregational House, 14 Beacon St., Boston, Mass.
Jaliut, Marshall Is.

234. HEINZE, Hans — German — Wrote letter to Max Heinze, Mark 7, Sallfeld, Germany, to be forwarded by Germany Aid Society, Stockholm. (16 Kiukiang Road, Shanghai).
Shanghai

235. HEISHELT, G. G. — American — Writing a relative, is much concerned over mistreatment of Germans in China.
Wuchang

236. HELBIG, Capt. John — American — Was captain of a freighter in the Pacific; strongly pro-German. Information from the Philippine Dept.
Manila-Pacific

237. HELFFERICH, — German — Brother of German ex-Vice Chancellor, and a trouble-maker in Java.
Java

238. HELPHARD, Alexander-Russo-German Jew — Dangerous Social Democrat. Real name is "Parous."
Russia

239. HENRICKSOHN, F. K. — German — Damgerous missionary at Kuling. When interned, he promised he would do nothing against China; Beck and Reinert went surety for him, and he immediately began distributing German literature.
Kuling

240. Shanghai-Tacoma — HERBERGER, Paul — American — Name may also be SCHNEIDER. Was first officer on "Justin" playing between Shanghai and Tacoma; German born; naturalized American; formerly employed by U.S. Coast and Geodetic Survey in Philippines and Alaska; dismissed in Jan. 1918 account of pro-German talks and sympathies. District Attorney at Seattle started proceedings to revoke his naturalization, preliminary to internment.

241. Japan-Seattle — HERMAN, T. J. — English — Naturalized Englishman of German extraction. Sailed from Japan for Seattle via Vancouver on SS Teetsa, Aug.2-1918.

242. Mukden — HERSKOVITZ, Irving — American — Vice-Consul at Mukden until August, 1918. After seeking to use his office to disparage Jacob BLEECHMAN securing an export license without having furs sought to be exported, he resigned and bought the license.

243. Shanghai — HERTZBERG, A. (Gus) — German — Active German agent with Capt. R. G. Zollner, at Shanghai.

244. Mukden, Changchun, Harbin — HILL, Frank M. — American — Of the firm of Glushanok & Hill, operating in Mukden and in New York. Claimed to be platinum purchasing agent for U.S. Government, in July 1918. Suspicions exist that he has been engaged in enemy activities in North Manchuria.

245. Shanghang — HIMICHEN, Father Jourdan — German — From Shanghang he wrote a letter to Rev.Fr. I.B.Hermann, Ritzville, Washington, which is capable of two constructions. One is good and the other bad. (Roman Catholic Mission at Shanghang).

246. Orient — HINNRICHS, — German — Captain of the schooner fitted out by Steeneck and others to assist in the Indian mutiny and rebellion against Great Britain.

247. Tokyo — HIYOKAWA, Dr. — Japanese — Attended meeting of German social club in Tokyo.

248. Chicago, Ill. — HOFER, D. M. — American — Publishes "Der Wahrheitsfreund" in Chicago, Ill., and sent money to Rev. H. C. Bartel at Tsao Hsien, Shantung. (Written in German).

249. Yokohama or Kobe, Japan — HOFFMAN, Halvor — To have charge of branch office of Paul Stuppel, Inc.(suspected of enemy trading).

250. China — HOFFMAN, Philip — German — Reported to be traveling in China in May, 1918, is apparently a German missionary, friend of BOLTE; and is suspected of being a pro-German agitator and propagandist exerting harmful influence on Chinese.

251. Clifton, Texas — HOLT, B. M. & wife — American — Writing Rev. P. E. Thorson, of Honan, China, say they can not see the difference between German pride and the jealousy and greed of the Allies.

252. HOLT, Frederic — American? Self-styled Am.; aged 43; travels for lace industry; present address unknown, but believed to be in Germany, and actively engaged in espionage. He should be kept out of the United States
Germany

253. HOLZMAN, Miss — German — Told Miss J. Meadows they objected to her in their house because they "wished" to hold the German influence and teaching only." (Sister, Berlin Munou, - probably convent - Hongkong).
Hongkong

254. HON CHING TANG — Chinese-Taking correspondence course in aviation from American School of Aviation, 431 S. Dearborn St., Chicago. (Mukden, - Technical College).
Mukden

255. HONG, — Chinese — President of the Chinese Reform Party, advocating the restoration of a monarchy in China.
China

256. HOOWAARTS, Father Fr. — Dutch? — Wrote Rev. Fr. Markert, Mission House, Techuy, Ill, asking for German paper.
Thonsien, Shantung

257. HOPPIN, Miss Jessie R. — German — Probably some sort of German missionary, correspondent of James L. Barton, Cong. House, Boston. (Jaluit, Marshall Is,)
Jaluit, Marshall Is.

258. HORBACH, J. — Austrian — Worked for Rocky Point Assn. at Peitaiho, first representing himself as a Roumanian and later as a Russian. Resigned in Nov. 1918.
Peitaiho

259. HOSHIJIMA, Shigoru — Japanese — Wrote to I.W.W. Publ. Bureau, Box 622, Newcastle, Penn., for literature on Socialism, anarchism and syndicalism. (914 Fuji-Machi, Okayama-Ken).
Okayama-Ken, Japan

260. HOSTE, D. E. — British — Acting head of large China Inland Mission. After giving British authorities assurances of loyalty he wrote rather a pro-German letter, praying for fellowpsaints (Germans). While not considered disloyal to the Allied cause, it is thought there are dangerous propagandists in the Mission under his direction. (China Inland Mission, Shanghai).
Shanghai

261. HOUSKA, — Czech — Traitor to the Czecho-Solvaks; Succeeded in deserting and getting out of Siberia into Japan, and left for the U. S. it is believed to confer with Masaryk. Gen. Gaida sent men to capture him if possible. Secstate notified Sept. 6, 1918. (U. S.)
Japan-U. S.

262. HSUI QUIN LAI — Chinese — Joint author with Char Wong of letter to Park Kei & Louis Nam, Young China, 881 clay St., San Francisco, showing a hostile tone toward Tom Gunn. (c/o Nam Tseng Rond, 1 Shung Pou Sha, Shanghai).
Shanghai

263. HU, C. F. — Chinese — Cleo. Timothy and he are said to be using their school at Kiukiang to spread anti-American feeling.
Kiukiang

Chargé d'affair

264. Peking — HUERTA, P. Herrera de — Mexican — Suspected of "carrying" and of assisting Loyola, who was once Mexican Charge d'affaires at Peking - also engaged in similar objectionable activities.

265. Tientsin, & Siberia. — HUELFSAKTION FUER DEUTSCHE & OSTERR. - UNGAR. GEFANGENE, German Aid Society for Siberian War Prisoners. The headquarters of German intrigue and espionage in the Orient, conducted by Von Hanneken, - connected with which were the activities of the Swedish Red Cross.

266. Chairyung, Chosen — HUNT, Rev. B. — American — Recipient of pacifist letter "A chart of epistles to the Hebrews" which was thought to be a code. (Chairyung, Chosen).

267. Honolulu, Shanghai — HUSSEINI, George — Portiguese — Passenger on "Nanking" touching Honolulu Sept. 21-1918 enroute to the Orient, traveling on Portuguese passport, and claiming to represent Emilio Samuel & Co. of Santiago, Chile, and that he intended to purchase cotton goods in the Orient. While in Honolulu he wrote Seggerman Bros., J.A. Barkey & Co., and G. Amsinck & Co., all on enemy trading list.

268. Kuliang — HUTCHINSON, Paul — American — Wrote "Missionary Facts in the Diplomatic Problem in China" published in The Chinese Recorder of June, 1918, also in pamphlet form. (Kuliang).

269. Kiukiang. — HWANG, H. C. — Chinese — Said to be using his school at Kiukiang as a means of disseminating anti-American feeling; and correspondence would tend to indicate pro-Germanism is rampant there. Permission to go to America is being sought by Hwang.

269a. Petrograd — HYDE, Louis — American? — Said to be in Petrograd, and is an enemy carrier and intermediary for correspondence.

I

270. IGNATIUS, Russian Acted as interpreter for the Chinese Eastern Railway Administration at Harbin; also for French Consul at Tientsin while enroute to Irkutsk. Is regarded a
Harbin suspiciously, but nothing definite.

271. IBESCU, Roumanian Should be watched.

272. IKEDO, Minezo Japanese Reported to be going to the U.S. as a German agent with a
Japan-U.S. Russian passport, in company with three others.

273. IRWIN, Chas. H. American Father of Roderick Irwin, of Shanghai, and in charge of
Seoul, Korea hospital in Seoul. Likely pacifist.

274. IRWIN, Bertha, Miss American Relative of Roderick Irwin, at Shanghai.
Shanghai

275. IRWIN, Roderick American Author of pacifist and anti-British letter to his father,
Shanghai Chas. H. Irwin - intercepted by Vancouver Censor.

276. ISAWA, Baron Japanese Attended meeting of Germans at house of Minon Yasuda.
Japan -German

277. ISIDOR, Dora Austrian/ Writing in German to Mr. Kiss, Book dealer, 77 2nd Avenue, NYC,
Peking-Wauchon asks for some Hungarian-Herman books, Interrment camp near Peking, at Wauchen.

278. ITANO, I. Japanese Evidently a socialist. Addressee of book on socialism from I.
Yokohama, Japan Itano, 229 E. Main St., Visalia, California. Tekohama (Yokohama?).

279. IVANOFF, V. S. Russian Writing of chaotic conditions in Russia to Gabriel Tsąkoff, Live
Cheliabinsk, Russia Stock Natl. Bank, Sioux City, Iowa. (Cheliabinsk, Orenburg Govt., Siberia).

J

280. U.S., Texas — JAENISCH, Paul — German — Implicated by confession of Henry STENECK, in dynamite and mutiny plots in U. S. and ~~France~~ Canada. Afterwards joined artillery regiment in Texas.

281. Harbin — JANKELEVITCH, Henry — Russian Jew — Made odious remarks against France at Oriental Hotel, Harbin; poses as a lieutenant of the French Service; is of Bolshevik tendencies. On being reported to the Russian Consul, he disappeared.

282. Japan-China — JAPAN TOURIST BUREAU — Japanese — In more than one instance has acted as intermediary for correspondence with enemy countries, communications being sent by it to Officielles Verkehrsbureau, Bahnhofsplatz 3, Baden, Switzerland by whom they are forwarded to Germany.

283. Japan-Brooklyn, N.Y. — JIMENEZ, A. L. — Mexican — Sent by Vincent Kroft, German agent in Mexico, to Japan in the fall of 1917 to buy arms and munitions. Associated with Fernanda Vera, now supposed to be in an insane asylum in Washington.

284. Shanghai — JOELKEL & SCHROEDER — German — Reported to maintain one of the chief offices of German propaganda and secret service in China. (Nanking Road, Shanghai).

285. JOHNSON, — British — An Englishman, said to be a Colonel in Chinese army, reported enroute to Manila via Spain fraternized with officers of enemy submarine

286. Canton — JOHNSON, Rev. O.S. — American — Recipient of newspaper "Veckobladet," of Minneapolis, which complains bitterly against the order that only English shall be spoken in the churches of Iowa. (Canton).

287. Tokyo, Japan — JOHNSON, T. Ruddiman — American — Letter from I.L. Stone, 1114 World Bldg., N.Y.City, States "I believe as you do that a higher power than itself is using Germany as an instrument of cleaning the world" (13 Mikawadia-Mach., Azabu-Ku, Tokyo, Japan).

288. Hongkong-Shanghai — JOLENDOWSKI, — Russian — Forwarded information to Manila in August, 1918 that his address for several weeks will be care Russian-Shanghai Bank, Shanghai, British authorities watching him at Hongkong; alleged spy.

289. Japan-Yokohama — JOLTNOWSKY, L. — Russian — Known in U.S. as Leon Zola, of the firm of Salow & Zola, formerly at No.5 Eldridge St.,N.Y. Went to Japan to avoid military service. (Poste Restante, Yokohama).

290. Honghua, Fukien — JONES, F. P. — American — Wrote criticizing U.S. Govt. for withholding passport from Dr. Betow, a woman of German parentage. (Honghua, Fukien).

291. JONES, Mary I. American Correspondent of pro-German Walter Rauschenbusch, Roghester Theological Seminary, Rochester N.Y. Suspected of being a pacifist class, comprising pro-German agitators and propagandists exerting harmful influence on Chinese. (Huchow).
Huchow

292. JONGE, de; Albert E.R. British Canadian authorities refused to permit them to enter; were deported from Seattle in summer of 1918. Returned to Japan.
" " Mrs. A.E.R. "
Seattle-Japan

293. JOSZEF, Caal Hungarian Writing from Hailar, Heilungkiang, to Szabadsag, in Hun. newspaper, says he has written home, had no replies, is well, has an uncle in New York City, and asks for a suit, pair of shoes and reading material. (Interned at Hailar, Heilungkiang, Manchuria).
Hailar, Heilungkiang

294. JOSEPH, Miss Moselle Victoria-British(Jewess) Visa to U.S. refused Dec.23,1918, account insufficient reasons; friend of Ezras, of Shanghai. Was in U. S. from March 31 to May 4-1918, returned to China because she says she did not receive expected telegrams and letters-and desired to make another round trip to the U.S.

295. JOSEPH, Mike American Supposed to be in Japan. Said to have left the U.S. to avoid draft, but now trying to return on a Persian passport.
Japan

296. JOURDAIN, Father (See HIMDOBEN) German Romam Catholic priest at Shanghang (Shanghai?) Writes hoping for end of war and expressing hatred for Protestant american Missionary in same city. (Shanghang?) Writes in German to J.F. Richter, Ritzville, Washington.
Shanghang

297. JUNG TUN Chinese Addressee of letter from Ng Hah Choo, of Boston; Tew Sing 593 Dudley St., Dorchester, Mass., saying Kah Sing went to Boston to escape military duty. (Ng. Sup Sunnin, Canton, China).
Canton

298. JURISCH, Ivan Austrian Correspondent of Vicko Sasicl, 413 First St., Eureka, California. (Austrian Internment Camp, Nan Tas, Shanghai).
Shanghai

299. JUSCHKE, A. German Born in Berlin, German subject, ex-army officer, representative in China for Heinman & Co. of Tientsin. Married Chinese woman who owns property at Kalgan. No evidence of enemy activity in China. On bad terms with MAY, of Kalgan.
Kalgan

K

300. KAGARA, Masaohiro — Japanese — Said to be in prison at Managua, Nicaragua, charged with being a German spy.
Managua, Nicaragua

300a. KAHN, Montefiore G. — American — Arrested in New York; crook.

301. KALNIN, Ivan — Russian — Assumed name of German agent named GRUNSWALDT, said to be attempting to get to France, from Mohilev, Russia.
Mohilev, Russia

302. KALTSCHMIDT, — German — Implicated by the confession of Henry STEENECK, as being connected with Eisenmann Magneto Co., Jaenisch and others in bomb plots, mutiny plans, &c.
Detroit, Mich.

303. KAMEKO & CO. — Japanese — Correspondent of H.L.Gwalter & Co., M.I. suspects (San Francisco). 8-9 Otomachi- Yokohama, Japan
Yokohama

304. KANEVTZ, N.P. — Russian — Writes of conditions in Russia to Capt. N.N.Vishneosky, 127 Livingston Ave., New Brunswick, N.J. (Cherry Mount Hotel, Yokohama, Japan).
Yokohama

305. KASAHARA, Edw. Y. — Japanese — Writes pro-Japanese propaganda letter to B.F.Shapro, Union Savings Bank, Oakland, Cal. (Sanjo Mashi, Echigo, Japan).
Echigo, Japan

306. KASSIK, A. — Russian — Anti-German Bolshevik; correspondent of John Kapnan, 25 South St., N.Y. (Yokohama, Japan).
Yokohama, Japan

307. KATAYAMA — Japanese — Author of socialistic book being published by Chas.H.Kerr & Co., 399 E. Ohio St., Chicago, Ill.

308. KATZ, M. A. — American — Letter from C.P. Steinberg, of Tientsin, to M.A.Katz June 3-1918 refers to a person who may be Gustav Steinberg, wanted in connection with Franz von Rintelen. (Business 81 California St., San Francisco).
San Francisco, Cal.

309. KAUFMAN, E. Y. — German — Writes in German, from Kaichow, Chihli.
Kaichow, Chihli

310. KAWAKAMI, Isamu — Japanese — Genl. Secy. Correspondences & Publicity Bureau, 10 Omote Sarugaku Cho, Tokyo, Japan; addressee of pacofist letter & clipping from J.W.Hamilton, 593 Laurel Ave., St. Paul, Minn.
Tpkyo, Japan

311. KAYO, Gakujin — Japanese — Wrote long letter to Japanese Premier, indicating hostile sentiments to U.S. and Allies. (New York)
New York

312. KAZARIAN, Agyan — Persian-U.S.-Now supposed to be in Japan and to have left U.S. originally to avoid the draft, now seeking to return. (Japan).
Japan

313. KEEPER, Prof. George German Prisoner of war at Ninoshima, Japan. Addressee of letter from brother-in-law containing information re. Spanish political and business conditions. (Ninoshima, Japan).
Ninoshima, Japan

314. KELLER, Paul, Rev. American Missionary at Changsha, pro-German; now in U.S. & said to be returning soon to China with family. His name has appeared often in correspondence from loyal Americans, indicating him to be pro-German. August 12, 1918 in a letter to his wife he "caused out" the Censor for "poking his nose in" Universal complaint seems to exist about his activities.
Changsha

315. KERWIN, Lawrence E. American Prominent politician in New York, partner of De CRAMM and Chas. F. Lewis. Said to have sailed from Japan for San Francisco July 7-1918 with Lewis on the Tenyo Maru, Under suspicion of pro-enemy activities.
New York

316. KHOKHLOFF, N. Russian Correspondent of Fidel Rodriguez Diaz, San Fernandez No. 59-1/2 South America via San Francisco.
Mosen, Russia

317. KINUGASA, Miguel Japanese Apparently has a Mexican wife, Juana Diaz de Kinugasa, Compania No. 40, Zacatecas, Mexico. (Fucknoka, Yokohama).
Yokohama Zacatecas, Mex.

318. KIRCHISEN, Victor (ALias Nelson) American Formerly quartermaster on SS "China-" June 1914 to April 1915; naturalized in California; seaman on Atlantic Coast-Dutch port ships; arrested as German spy in August, 1914; deported from Copenhagen to Sweden; recent movements unreported; may be in U.S. Should be arrested and Chief, Military Intelligence, Washington, notified.
Orient- U.S.

319. KIRWIN, Lawrence E. American See Kerwin.

320. KLAIBER, Felix German War prisoner at Kurume, Japan. Correspondent of Pauline Prosse, 5601 Sheridan Rd., Chicago. (Kurume)
Kurume, Japan

321. KLAUBER TRADING CORPORATION American Selling American dyestuffs under German trademarks, and activities not regarded as wholesome. (Shanghai)
Shanghai

322. KNAAP, Anthony A. _____ Connected in some way with Polish army, of doubtful loyalty to the Allies.

323. KNESTERS, Rev. Jos. German Sent postcards to various places in Illinois asking ~~for~~ donations for a German school for boys. (Chirofu, Shantung).
Chirofu, Shantung

324. KNOBLER, Isak German Evidently an ex-prisoner of war; writes to Sam Kleinman, 354 E. 3rd St., N.Y.

325. KOBERLEIN, Willie German Prisoner of war at Bando (Rando) Japan; correspondent of Sonji Lipmann, Hamburg, Germany. (Bando- Japan).
Bando, Japan.

326. KOENIGSWERTHER, Heinrich M. German Enemy firm at ~~Hamburg~~ Leipsig, whose representative is Gustavus J. Hamburg, Leipsig Germany. Fuerth, of 151 W. 26th St., New York City. Fuerth is relative of C.A.BYCHOVSKY, of Harbin, who represents this concern. Leipsig Germany

327. KOKAWA, M. Japanese Reported as intending to visit Bridgeport, Conn. (Munitions town), in Machine Co., Bridgeport, to Andrew Tokyo & George, Tokyo, Japan. (Tokyo). Engineer of Imperial Japanese Railways.

328. KOKERMAN, Leon Russian Jews Leon is aged 27
KOKERMAN, Nathan brothers; studied at Paris &
Harbin London; born at Kishinev; came from London via Murman to Harbin; said they intended to joint French army, then disappeared from Harbin.

329. KOKORINA, Proscovia N. Russian Instructions Dec.
Peking 22-1918 4 PM. says refuse visa.

330. KONDO, Massagi Japanese Properietor of
California, M.K. Fisheries, 760 State St., San Diego, Cal,
San Diego has fishing concession in Lower California; Writes very good English; interested in colonization scheme; supposed to be an agent of his government.

331. KOPF Helene German Writes letter to
Kwuno, Dresden to be forwarded by Swedish intermediaJapan ry. (Kwuno, Japan-)

332. KORGOLD, Sigismund Russian Sender of cablegram to Dinor Pub. Co., Zertnicki, Chicago;
Moscow, rated undesirable. (Sredt Dymtrowka 26, Mos-
Russia cow).

333. KOSKINEN, Edouard Swedish Were pointed out
" Lammin " at Harbin as active German spies, and were seen taking photographs. Lived at Grand Hotel in Harbin.
Harbin

334. KOTCHKIN, Russian Chief of the Adminiatrative Section, Harbin. Suspicioned.
Harbin

335. KOUZNETZOFF, Nicolas Russian Reported to be pro-Bolshevik and pro-German; in the U.S. in 1917. In Sept. 1917 tried to arrange sale of 4000 tons of material suspected of German origin, finally sold probably to Jakov Usbervitch Gottesmann and Montefiore G. Kahn, an American -- the latter since arrested in New York in connection with attempts to smuggle jewals into America thought to have belonged to the former Czar. (65 Nevsky Prospekt, Petrograd, Russia).
Petrograd

336. KOUZOULIK, Czech Jew Czechish Jew, re-
Irkutsk, presents Internationalists; worked at Irkutsk
Harbin against the Czechs; medium stature, red hair, occasional red marks; 25 to 30 years old; was in Harbin Sept. 15, 1918.

337. KRASNOSHOTOV, Mr. American Came to Russia after the Bolsheviks came to power, in order to "feed off the carcass"; became governor of one of the Bolshevik provinces; exercised moral duress on American Consul to secure certificate for his wife. It is reported that the Czechs finally ended his career, and his widow came to Japan and sailed for America on the "Rembrandt" Oct. 14th, 1918. Former lawer in Chicago, Ill.
Japan U.S., Chicago (See 689)

338. KRASNOSHOTOV, Mrs. Gertrude K. (Alias TOBINSON). See 337 above.

339. KRASNOSHOTOV, James A. American Brother of the one mentioned in 337, above. He arrived in Yokohama on Oct. 14th, 1918, enroute to Siberia, while his brother's widow was bound for America The name of TOBINSON is also used by these people; and it is suggested the former two are arch-Bolshevik.
Japan-Siberia

340. KRAUCH (alias Charles Nelson) German Arrested with Max Sievers on armed opium robbery. Krauch detailed Sievers' receiving pay from Germans in Shanghai of connection with munition plots in the U.S. & Canada, and of Sievers' activity in attempting to aid Indians to get munitions via Manila. (Shanghai).
Shanghai (See No.625)

341. KRETSCHMAR, Ernst German Partner with Caesar Benk in a firm at Tsingtau holding the agency for Willys-Overland and Hupp M.C.Co. before the war. War prisoner now in Japan.
Tsingtau, Japan

342. KRIEGER, Gustav German Addressee of pacifist letter from his son, Gustav A. Krieger, Kirkwood Hotel, Des Moines, Iowa - probably an alien enemy. (Normisk- Omsk? Russia).
Normisk(Omsk) Russia

343. KRIENKE, Rev. F. German Letter from F. Gasser, Germantown, Penn. advises him that writer and party are going to Switzerland via France, and encloses letter from C. Polnick, of the China Inland Missions in that city. (Kiangsi).
Kiangsi

344. KROGH Dane Regarded with suspicion. (Changchun).
Changchun

345. KROGMAN, - - - Suspect.

345a. KRUGGE, Rev. German Catholic Priest at Taiyuanfu.
Taiyuanfu

346. KRUSE, American Soldier who was on duty at Shanghai for censorship work at USPO. Suspicioned of being dishonest, and was relieved from duty and returned to 15th Inf.
Shanghai

347. KRUSS, C. P. Dutch Fanatic Mohammedan and pro-German, customs house officer in Java.
Java.

348. KUDRIASHEFF Russian Asst. Chief Naval Commissioner; subject of telegram from Von Schanz, of Imperial German Bank and Trotsky in Feb.1918, concerning movement or destruction of stores at Vladivostock.
Vladivostock

349. KUELPO German Friend of Walter Schmidt, who expresses hopes Germans in China won't be overlooked in the Hague Conference.
Shanghai

350. KULINOVITCH, Boris Russian Well known writer. His paper "The Will of the People " suppressed. (c/o P.S.Rovansky, Kommercheskaia 35, Harbin)
Harbin

351. KUMASAKI, R. Japanese Writer of flowery letters to N.Y.Sun commending U.S. for its valor and defending Japan's politics &c. (Shirkue Sauhocho 445, Shiba, Tokyo).
Tokyo

352. KUNTZ, Prof. German? Bolshevik and pro-German; said formerly to have been connected with Columbia University. (Now in U.S.)
U. S.

353. KUNTZE, Richard German Sent manuscript of an anti-English article to be published in the Koelner Zeitung. (Peking)
Peking

354. KUNZE, German At Tsingtau, Shantung.
Tsingtau

355. KUPFER, Dr. American Bitter opponent of America's entry into the war and war policy. Mentioned in much correspondence. A letter from James at Tsingkiangpu says that after a talk the "old man" made, he told Kupfer that if he were on a jury and Kupfer were being tried, he would be obliged to convict him. Thought detained now in America.
Tsingkiangpu

356. KUROSAKI, Nobujiro Lt.Col Japanese Mentioned in letter from Automatic Machine Co., Bridgeport, Conn., (James Coulter, V.P.) to Andrews & George, Tokyo, Japan, as a Japanese official to visit munitions towns. (Tokyo?)
Tokyo

357. KUSHI TAKEKAWA Japanese He and three others were reported trying to go to America in July, 1918 as German agents.
Japan

358. KWANG YIH MILL Chinese Also known as the Chang De Fu Mill, situated in Honan Province; suspicioned of enemy trading but nothing definite.

359. KYDD, D. E. American Kept social intercourse with Germans Bolte, Eger and Blaum, at Chengtu on the theory that we were not at war with the German people- as explained by him. (Chengtu).
Chengtu

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360. Foochow — LABRADOR, Teodore — Spanish — Subscriber to "El Debate" a blacklisted newspaper of Madrid. (St. Dominic's College, Foochow).

361. Champery, Switzerland. — LAFOREST, Marcel — German — Writing Jose de Carcer, Spanish Legation attché at Berne, says for him to try and help LAFOREST so he could come back to Shanghai with his mother. (Champery, Switzerland).

362. Shanghai — LAKHMANOVICH, Miss Sonne — Russian — Applied for visa to U.S.; parents reside in Shanghai, bears passport 12487 dated July 7, 1918, issued by Chinese Eastern Railway at Harbin. Referred to Secstate Dec. 10, 1918.

363. Kobe, Japan — LANDER, Henry — German — Supposed to be identical with Oelsner, a German agent formerly in United States and ostensibly an importer of of iron and steel; has an American wife who was said to be in New York in August, 1918. In business connections with Segerman Bros. (Kobe, Japan).

364. Yokohama — LARSEN, O. N. — Wrote Toro Bros., of Antofagasta, Chile, of his arrival in Japan. (Toro Bros. on List).

365. Petrograd, Stockholm — LARSKY, A. Wonlar — Russian — Aviator in the Russian Flying Service during the war. Lived in Petrograd until winter of 1917-1918, and was then reported in Stockholm, trying to organize an American corps for expedition into Russia. While considered loyal to the Allies until his departure from Petrograd, it is said in Stockholm he associated with a German and his wife under circumstances indicating anti-Allied connections.

366. Canton — LATEN, John — American — Missionary of the University Baptist Mission, of Canton. In a circular he appeals for funds and says more should be given for missionary purposes than for the country's sake. (Canton).

367. Harbin — ~~LAURENSI~~, — Russian Jew — Specialist in reenforced concrete; a companion of KOUZOULIK; tall, strong, heavy black moustache, black eyes- 25 to 30 years old; speaks German. Suspicious. (Harbin).

368. Singapore-Shanghai — LAUTREC, Count de Toulouse — American — Alias Nicholas Erasmus Savine. Consul Singapore instructed to take up his papers indicating American citizenship, perform no service for him, and notify Consuls India and Australia. (Supposed to be at Singapore).

See 582-693

369. LAWLER, Emma Belle — American
370. " Estelle Beatrice — "
371. " Harlan — "
372. " Homer L., Rev. — "

H.L. Lawler is a "holy roller" preacher at Shanghai, is suspected of being pro-German, and listed as a likely carrier of enemy correspondence. Visa to U.S. granted Sept. 7-1918, (1064/0) for U.S., but he did not sail on the "China" Sept. 14th, 1918 as anticipated, as he said he had acute attack of stomach trouble. Mrs. Lawler is also said to be a missionary of the Apostolic Faith Mission. Nothing at hand against the children, other than this relationship.

373. LAYCLA (or LOYOLA) — Mexican — Suspected "Carrier" Peking — with De Heurata, in Peking.

373a. LeCLAIRE, Abbe de Fresnaye; British; See No. 162.

374. LEO, Josephus Mertz — German — Calls himself Alsatian; 45 to 48 years old; tall, thin, with large black beard, droll manners; posed as Catholic priest; perhaps a German. Speaks French very well; suspected of making observations; Former French Minister Dubail discovered he was an impostor. Was reported by Chinese Postal Service. Harbin-Peking

375. LEWIS, Charles F. — American — Formerly County Treasurer of Nassau County, New York, residing at Port Washington; said to be free from suspicion of disloyalty but associated in business with Edgar da Gramm. Went to Japan in February, and was presumably there until July, 1918. Was selling roubles to Germany in June, 1917. His activities in the Orient apparently legitimate and commercial. Amembassy Tokyo requested Dept. and Embassy be informed if he appeared in China or elsewhere (June 19, 1918). New York-Port Washington

376. LIANG SHIH YI — Chinese — Said to be most influential man in China, regarded as tricky and pro-Japanese. Peking

377. LIFSCHITZ, Jerome A. — Russian? — Author of radical articles published in "Christian Worker" at Vladivostock. Vladivostock

378. "LINA" — German — Writing Mrs. E. Chas. Smith, Undercliff, Penn., shows German connections. Mentions that letters come to and go from other members of the mission "home" (Germany). Is most probably in the German Liebenzell Mission at Hungkiang, Hunan. Hungkiang, Hunan

379. LINDEN, H. — German — Writing to Germany through Frederick Wuerz Rieber, near Basel, Switzerland. German missionary in Kwangtung. Kwangtung

380. LINDER, Miss Esther — German — Addressee of letter written by Miss Maria Bertsch, Roland Park, Maryland. May have been in German employ in U.S. (c/o Swedish Legation, Tokyo, Japan). Tokyo

381. Shanghai — LINDSAY, Miss Herold — British — Alien declaration for travel to U.S. was taken up by Manila authorities. Insufficient reasons to travel to U.S. Was visaed by Am. Consul Calcutta July 15, 1918.

382. Changsha — LINGLE, Rev.W.H.& wife — American — Attitude pro-German, refused to assist Carl Crow, American Compub Committee; activities among Chinese considered detrimental; his congreation refrained from taking part in Allied victory celebration.

383. Peking — LINKMULLER, — German — Commanding officer of U. S. Marines has seen him outside South city gate. Was Sergeant-Major of German Legation Guard, and thought interned.

384. Shanghai — LIONEL, — Irishman — PF 33384, Index 3438(Seattle P.O. Censor) quotes letter from "Lionel" to Miss Payne, Newton Center, Mass., and mentioning a disloyal Irishman working for "C.P." at Shanghai.

385. Vladivostock, Japan — LITOFF, Mme. Elly — Russian — Was in London in Dec. 1916; Was 21 years of age, Left London for Russia; drew attention thru conversation regarding military matters; crossed Vladivostock, 1917 under the name of LUBOFF, CONSTANTINOVA, LIUTOVA or LITOVA. When interregated touching nationality she gave evasive answers; is possibly in Japan now (Jan.,1919). A dangerous adventuress and German political spy. British visa says "Must not be allowed in the United Kingdom during the war". Maiden name was SAZONKINE, and aliases LOUBEVIC, LUBOFF, LUBOW, CONSTANTINOVA- to which reference may be made. (See 117, 118, 195)

386. Harbin — LITOPT, — Russian — Employed at the Russian Consulate in Harbin, and is reported as a Germanophile.

387. LITOVA, Mme. Elly — Russian — See No. 385, & 195.

388. LIUTOVA, " " — " — " " " " "

389. Shanghai — LOBENSTINE, Rev.E.C. — German? — Letters from German missionaries to their home boards for forwarding via Switzerland have often been deposited by him in the mail. (Shanghai)

390. Shanghai — LOHMAN, H. P. — American — Was discharged by the Standard Oil Co., on account of sentiments being of a pro-German character. Is now Manager of the American Correspondence School in Shanghai, at 34 Nanking Road. Has been intimate with daughter of Dr. J.W.Ross, Canadian Trade Commissioner at Shanghai - which daughter was said to be active in German propaganda, tho no suspicion exists as to her father.

391. Soerabaya, Java — LOTMAN, John — German — Probably German business man at Soerabaya, Java.

392.	LOUTCHINSKII	Russian	An important functionary in the Chinese Eastern Railway Administration. Openly subscribed for the German fleet in 1914.
393. Rio de Janeiro, Brazil	LOWIEN, J. H.	Hollander	To be made Dutch Consul at Rio de Janeiro; openly states sympathy is with Germany.
394. Sianam via Canton	LOWTHER, Miss Willa B.	American	In a letter she stated she would "rather go to the stake today than enter into any strife or controversy that would make the vital cause of the foreign missions to suffer." (Sianam via Canton).
395. Queretaro, Mex., Japan	LOYOLA, Arturo	Mexican	(See 373) Rancher near Queretaro; going to Japan on a pleasure trip to Japan with personal letter of introduction from Pres. Carranza to Mexican Legation and Consulate. (July, 1918).
396. Petrograd-Scandinavia	LUBOVICH, E. L.	Russian	Said to be pro-Ally attorney and business man of Petrograd. Now in Scandinavia organizing Russian business men and former government department heads for the reconstruction of Russia.
397.	LUBOW, Mme. Elly	Russian	See No. 385
398.	LUTOFF, Mme. Elly	"	" " "

M

399. MAAS, & wife — German — German deported from Japan on the Japanese steamer "Chikogo Maru" Oct. 27th, bound for Shanghai. Missionaries. Was apparently a resident of the Marshall Is.
Shanghai
Marshall Is.

399a. MAAG, Rev. Redward — American — Missionary of the China Inland Mission at Tsingun, Che., (Shanghai) Reported that he bears watching; objects to rules compelling the use of English in churches.
Tsingun, Che., (Shanghai)

400. MAAZ, Edward — German? — Recipient of pacifist letter from 588 Hanover St., Kenosha, Wis. (Hans Waldvogel). China Inland Mission, Shanghai.
Shanghai

401. MAC CALLOUN, Dr. F.(aliasGRIMBLE) — British — Held for U.S. Court on suspicion of swindling. His Chinese servant was looking for Gilbert Reid and had addresses of Germans in Bremerton, Washington.
Nanking

402. MAC ECHREW, Mrs. Paul — American — Writing to Mr. and Mrs. A. MacEchrew, 422 Vermont St., Waterloo, Iowa, said, "Hasn't the war news been discouraging of late? It seems as through the Germans just couldn't get thru to Paris." (Tsao Hsien, Shantung).
Tsao Hsien, Shantung

402a. MACKENZIE, Miss Fannie L. — American — Watch Tower Bible & Tract Society, Queens County Jail, New York, writing her refers to the conviction of members of the society for violation of espionage act. (Their representatives in China should be carefully observed).
Shanghai

402b. MacMILLAN, T. D. — American — Of the Department of English, Tsing Hua College, Peking. Writing W.A.Bryant, 312 Hugenot St., New Rochelle, N.Y. He says, "China's desire to clean up her backyard morally is seriously handicapped by the efforts of her two big brothers, Great Britain and the United States."
Peking

403. MACOTELA, J. D. — Mexican — Supposedly Superintendent of the Mechanical Dept. of the Mexican Railways. Was in Japan early in March, 1918, & apparently had charge of the Burns mission. Returned to Mexico with Blanco de Frego and A.G.Garcia, sailing from Yokohama May 31,1918.
Japan, Mexico

404. MARNCONICH, Suram — Russian? — Anarchist- correspondent of M. Prevender, 150 W. 39th St., New Yrok. Bond for Vladivostock May 16, 1918.
Vladivostock

405. MADER, Herman J. — American — Local missionary of the Apostolic Faith Mission at Shanghai; vouched for by Mrs. Emma Belle Lawler; visa to U.S. granted Dec.16th, 1918- being numbered "0" sailed from Shanghai Dec.29th,1918 on Kashima Maru.
Shanghai-U.S.

406. MADER, Mrs.Mabel Collins-American — Visa granted Dec. 17, 1918 No. "0" for travel to U.S. on Kashima Maru Dec. 29th, 1918.

407. MAKSDOFF, Mrs. Bibi Sara Russian Teacher of English,
Harbin and desires to go to America to complete his education and the study of primary instruction methods in U.S. schools. Was connected with Tartar National Organization at Troitsk, Russia. Application for visa refd. to Dept.

408. MALINI, Italian Jew Former sleight-of-
Peking- hand man in New York City; Jewish type; was
New York newsboy in New York City; visited Peking 5 or 6 years ago; present whereabouts unknown. Suspicioned of pro-German activities.

409. MANDER, German Was to be placed in
Peking charge of German intelligence office intended to be opened in China in October, 1918.

410. "MARCEL" German Writing Jose de
Shanghai Carcer, Spanish Legation Attache at Berne, says to try and help Marcel Laforest to come back to Shanghai with his mother. ("Marcel" writes from Shanghai).

411. MARLOWE, Robert E. American Deserter from 15th
Tientsin Infantry at Tientsin; was Regimental Supply Sergeant; enlisted Dec. 1, 1914; Residence address: 2508 W. Pratt St., Baltimore, Md. Born in Richmond, Va., Aged 29. 10 years August 24, 1918.

412. MARSHALL, L. Russian Writer of letter to
Vladivostock- father Mangel, 2nd engineer SS "Tula" of
Seattle Russian Volunteer Fleet, Seattle, telling of Bolsheviki excesses at Blagoveshchensk, Habarovsk and Vladivostock. (Vladivostock, Siberia).

413. MARTENS, Mrs. Carl German She is the daughter
Shanghai of Nelson E. Bryant, at Shanghai; and appeals to the Consul-General there to assist in securing her exemption from internment-she being technically a German citizen, by marriage.

414. MARTENS, Hans Wolf Danish Preacher; resided in
Shanghai- Sweden, Finland, and Russia during 1917. Visa
Denmark was granted for return to Denmark, Nov.,1918. Under suspicion, though nothing definite.

415. MARTIN Russian Jew Soldier of Alsace-
Harbin Lorraine, from Rezonville; 23 years old; took part in the battles of St. Quentin and Soissons; came to Harbin from Kieff with ROSENBERG; speaks French well. Both said they wanted to become French citizens, and later disappeared. (Harbin).

416. MARTUHINA, Anastasie(Miss) Russ-FINN. Her passport,
Shanghai No.5228 issued by Russian Consulate, Tomsk, not visaed because she was refused entrance to the Philippine Islands account having no references there. Visa refused by Shanghai C.G. Nov. 25, 1918.

417. MASANORI, Kohara Japanese Miss N. Nalsao
Japan writes Miss T. Koichi to have a talk with head man of village and have Masanori entered in census register for five years ago "so that he can easily get a passport." (MASANORI, KOHARA; Nirlirsatsuta, Isukebumigori, Tulsublsabum.)

418. MASON, Samuel Jew Representative of
Yokohama the Hebrew Sheltering & Immigrant Society, of Yokohama; arranging for the movement of refugee Jews from Russia to the U.S.. Intended returning to America after August, 1918.

419. MATSON, Rev. P. American Author of pacifist
Siangyang letter to Mr. & Mrs. Hultman, 1928 Proctor St., Tacoma, Wash., in which he said we, as a nation, put on the cloak of righteousmess and are no than the enemy. It is suggested as being propaganda. Letter dated June 28, 1918, held. (Siangyang).

420. MATSUMATO, J. Japanese Receiving corres-
Tokyo pondence from pro-German Japanese in U.S. (S. Yamonato, Chicago).

421. MATSUMATO, Sogo Japanese Japanese banker,
Tokyo said to have accompanied Coiloz to Mexico; reported about to return to Japan. (Tokyo).

422. MATTVAIEFF, Vassili Demitrievich Russian Suspected
Russia of collecting information re. machine guns, etc. for Germans, but little evidence. Mentioned in connection with Peterson, Kisevalter, Koraleff, Levanovsky, Porchekivikov, Oranovsky, V.V. Nekrassov, Feldman, Edmund- on various lists.

423. MAVROMANTI, John American Changed his name and
Canada fled to Canada to avoid the draft. (Mentioned in letter from N. Mavromanti, Cafe Crystal, Vladivostock, to his father, Gust. Mavromanti, 428 Washington St., Springfield, Mass.)

424. MAY, August M. German On bad terms with
Kalgan JUSCHKE- both are said to have been connected in business at Kalgan, Mongolia. May appears to be pro-American, and has no use for German militarists.

425. McCALLOUN, Dr. F. British See 401.

426. McCALLUM, Fred American Suspicioned of being
engaged in enemy activities. Asked for employment of Fearon, Daniel & Co., Shanghai.

426a. McMANUS, Irene; See S. Somerton, No. 635.

426b. McCARTNEY, Saddie K. (Mrs.) American- Joseph Elkinton,
Chungking Pocono Lake Preserve, Penn., is a Quaker pacifist and encloses her a statement of their attitude towards thw present war. Mrs. McCartney is evidently a Quaker also. (Chungking).

427. MEDZIKOWSKI, Russian Russian Commercial Attache to the Russian-American Chamber of Commerce, Moscow; has also been controller of the Russian Volunteer Fleet as representative of German holdings and concerned in contraband shipments to Germany. (Moscow)

428. Shanghai MENARD German Walther Schmidt, friend of MENARD, stated in a letter that Menard's son fell in German service, enemt alien; said to be in Shanghai.

429. MEZEY, de; Janos Hungarian See No. 56.

430. Shanghai MERMILIEFF, Mihei Russian Visa refused by Shanghai C. G. Sept. 16, 1918 on telegraphic instruction from Departmrnt that brother he gave as reference in U.S. is unknown by State Bank, and journey not urgent. (Shanghai)

431. Peking MERTZ, Leo Josephus German Imposter priest at Peking. See No. 374.

432. Tsinanfu-Tientsin MERZ, R. German-Swiss Was employed at Tsinanfu in German bank before and at beginning of war; Remained in Tsinanfu; expressed pro-German opinions; associated with Germans and a French priest, also with Pelz in Tientsin.

433. Moscow, (Petrograd) METRASOFF (Nikolaevsky?) Russian Name of notorious Russian Suppressed cablegram from Nekrasoff, Bliss, Brooklyn, gives his address as Voksal House, Nine, Moscow, Russia. See No. 469.

434. San Francisco-London-Russia MEYSTEN, Guy American Was in London since March, 1918 as London correspondent of the Associated Press; close friend of Robert Minor, now in Russia in touch with radical elements.

435. Soerabaya, Java. MILHOLLAND, John Angus American Addressee of numerous letters from unknown correspondents in U.S. containing newspaper clippings, casualty lists, etc. Boissevain & Co. on suspect list. He is probably a relative of Inez Moholland Boissevain. (c/o Boissevain & Co., Soerabaya, Java).

436. MILLER (Alias Tolikopsky) German First mate of the schooner fitted out by Henry STEENECK to assist in the Indian Mutiny. His whereabouts not known

437. Changsha MILLER American Said to be a pro-German missionary ay Changsha; and was to go on furlough latter part of 1918.

438. St. Louis Miller, J.G. American Writer of letter to Oscar E. Barrant, Modern Hotel, Harbin. Says he was offered post as attache at Peking and declined. No evidence of disloyalty.

439. MINOR, Robert American Renegade American; went to Russia in March, 1918 to discredit the U.S. Friend of Guy Meysten, suspected associated Press correspondence in London. Known in San Francisco as an agitator and anarchist. (Russia).

440. Hankow MINZESHEIMER, Philip J. American Registered by Local Draft Board No.164, East 83rd St., New York City; was drafted; serving as Asst. Mgr. of China-Java Export Co. at Hankow at the time of draft.

440a. MIRCLUBSKAYA, Mme. See No. 469.

441. Paris, France MITCHELL, Guy Hamilton American Former resident of Chicago, now in Paris; age 48; committing unnatural acts among soldiers and spreads German propaganda, under guise of philanthropic work; obtains information. (Paris)

442. Tsinanfu MITCHELL, Mrs. W.A. (Miriam Georgiana) American Husband is manager of Andersen, Meyer & Co., at Tsinanfu, born in Siberia in 1890 of Jewish parentage; educated in technical schools: engineering, law and medicine; home city is Tomsk and later family moved to Blagoveshchensk. She intended going to Australia with her father in Nov. 1918. Her daughter in French school in Tientsin. Constantly in company with Mr. Titus representing American Locomotive Co. (formerly a member of German firm of Fuhrmeister & Co., Shanghai). Claims to have known him in Russia and acted as his interpreter in building machine shops at Vladivostock. Was engaged in social revolutionary activities in Russia during the old regime and was thrice imprisoned therefor. Wanted to go to Harbin in private car with Mr. Kile's party in August or September, 1918 and secured American passport "to visit her family in Harbin", Says one brother is Mayor of a Siberian town and has a brother now living in Japan. Is regarded as desirous of stirring up C.E.Ry. employees, and is easy to be made a tool of by unscrupulous men. Received Dept. passport No. 35577 dated Sept. 19, 1918 issued to "Miriam Georgiana" good for China and Japan only.

443. Japan MITSUI & CO. Japanese Sent seven men to America to investigate industrial conditions: Nakajima, Satow, Taye, Kominami, Dahi, Mosoki and Horibe- the latter writing report to Dairen branch.

444. Japan MIYAOKA, Tsunejiro Japanese Leading lawer, writing to U.S. wants to know about loyalty of Charles Gunther, of Chicago. (Japan).

445. MOGI & CO. Japanese In August, 1918 they purchased 100 tons of sesamun seed from Carlowitz & Co., a German firm of Hankow.

446. Shanghai MOLLER & CO. Swedish While no enemy activity has been traced, it would seem that the firms record for upright business transactions has not been very bright. Eric Moller, the managing member, is regarded with some suspicion but more as to his business integrity than enemy activity. Reported to have sent cargo in a vessel likely to be condemned as unseaworthy.

447. Shanghai MONTGOMERY, John R. N. American Author of anti-British letter to his brother James, POBox 888, NY. City, intercepted by censor at Vancouver. (Shanghai)

448. MONTGOMERY, John American Fined for drunkenness at Shanghai; a down-and-out. Wrote threatening letter to Mr. Blake, of Standard Oil Co. No evidence of disloyalty.

449. Shanghai-Vancouver MOORE, Emily British A Canadian woman, who was mistress of R. Timmerschidt, a German, who committed suicide in Shanghai. Returned to Vancouver sometime during the early part of 1918. Was regarded as engaged in enemy activities. (Canada: Vancouver).

450. Japan, Tokyo MORCHASHI, Taka Japanese Writer of letter to Miss Berta Scholott, 9 Weichengasse, Zurich, Switzerland- intercepted. Apparently a well-educated, widely-travelled Japanese woman. Address c/o Madam Nishimura, No. 8 Shichome, Sugamo, Tokyo.

451. Shanghai MORTON, August German Schoolboy at Shanghai.

452. Tokyo MOTT, Lawrence American Wrote C.L.Dixon, American Defense Society, 44 E. 23rd St., New York, concerning pro-Germans in Japan. (15 Naka Shibuya Tokyo, Japan).

453. Anogohara, Japan MUELLER, Wilhelm German Brother of alien enemy in U.S. formerly interned at Ft. McIntosh - Fred. Mueller, c/o Mrs. Minna Hoepker, New Braunfels, Comal Co., Texas. (Anngohara, Japan).

454. Shanghai MULLER, F. (Fr.) (Woman?) German Addressee of stopped letter from E. Olderburg, 47 W. 90th St. NYC; May be intermediary for correspondence with Germany. Tried to get G. Behagak, 68 William St., NYC to send money on deposit in U.S., thru YMCA. (23 Wong Ka Shaw Gardens, Shanghai).

455. Shanghai MULLIGAN, George Bernard British Visa refused because passport now visaed by Am. Consul Singapore, original port of departure. Shanghai, Sept. 1918.

456. Tsinanfu. MURRAY, Rev. John American Wrote extremely peculiar letter, possibly containing some sort of code, to Andrew A. Torrance, 502 Adams Ave., Huntington, W. Va.

N

457. NAGAI, Ryutaro — Japanese — Called the Second Okuma. Made speech in Seattle on June 24th favoring domination of China by Japanese; and made imperialistic speeches in Seattle and Vancouver
Japan

458. NAGAI, Dr. Th. (Nogai) — Japanese — Wrote verbose letter to Mrs. M. Dick Bummel, 5595 Taft Ave., Oakland, Cal., mentioning cocaine in a rather mysterious way; might be coceded code letter.
Japan

459. NAGAI, Mrs. W. N. — Japanese — Addressee of long and rather incoherent letter from Mrs. M.D.Bunnell, 5595 Taft Ave., Oakland, Cal., concerning Allocain, apparently a new anaesthetic made in Japan.

460. NAHARA, — Japanese — Visit Von Dewal
Basel, Switz. (Suspect). Basel, Switzerland.

460a. NAKAJIMA, Tanekichi — Japanese — Is on Military Suspect List; was going to U.S. on "Atsuta Maru" sailing for Seattle Sept. 18, 1918 and returning by "Korea Maru" from San Francisco Dec. 24, 1918, apparently for Mitsui Bussan Kaisha, to study about reservoir tank for bean oil.

461. NAKAS, Hideo — Japanese — Involved in the Hindu conspiracy. (Fuku-cho, Ushigomeku, Tokyo).
Tokyo

462. NAKASHIMA, — Japanese — Now in Japan; was in Mexico about 10 years; was with the Corpio mission.
Japan-Mexico

463. NAKSHINA, Tanveyoslir — Japanese — Hideyoslir, Stockton, Cal., writes him, indicating he may have obtained a passport by fraudulent means, with subsequent exposure and arrest, and asking Nakshina to come as soon as procedure is successfully passed. (Takaoka Gun, Kochi Ken, Yokohama).
Yokohama

464. NAKATANI, T. — Japanese — Addressee of letter from a Japanese in Mazatlan, Mexico, describing a route for smuggling Japanese into the U.S. via Mexico. (Hiroshina-Ken, Yokohama).
Yokohama

465. NARODNY, Ivan — Russian — Russian crook and adventurer, somewhat suspected of being a German agent. Intended sailing for Russia on Fushimi Maru from Seattle July 25, 1918 with Ikumtsoff. (61 Broadway New York).
New York
(See 493)

466. NATZVALOFF, Maryna — Russian — Kobe Consulate refused visa to her passport,

467. " Nicolai " No.2071, issued by Vladivostock Primorskaya Zemstvo Uprava Apr. 27, 1918- the Department having previously refused visa to Nicolai Natzvaloff, her husband.

468. NEFF, C. A. — American — Expresses somewhat pro-German sentiments in letter to Mrs. Samuel Neff, 437 Poplar St., Bueyrus, Ohio. (Fukien Union College, Foochow, China)
Foochow

468a. NEFF, Clarence A. American Roderick Scott (Foo-
Foochow Chow), writing Mr. & Mrs. R.J.Shortlidge, Choate School, Wallingford, Conn., says Neff converted him to become a pacifist. Says Neff is going home in January, 1919. (Foochow)

469. NEKRASOFF (Nikolaevsky?) Russian The name of a notori-
Russia- ous Russian; may also be written "Metrasoff." He
Petrograd was one of the members of the Russian Commission for the purchase of munitions for Russia in 1915, and stayed mostly in New York. A Mme. Miroluskaya- a pretended sister of his- accompanied by Mme. Matilda CRAMM (See No. 120) arrived in New York on the Norwegian SS. Christianaford Oct. 25, 1915. The immigration authorities not permitting her to land, NEKRASOFF produced a paper from the Russian Consulate stating she was his sister, and she was then permitted to land. Within a short time she met an Austrian on intimate term with Mr. Razvadowski, Austrian Consul in New York, and arranged for a large sum of money to betray the secrets of the Russian Commission. For several months she was "stealing" these secrets from Nekrasoff, her "brother." In April, 1916, the Austrian realized the latter two were deceiving him in their financial transactions, and were taking the lion's share for themselves, and he confided in his friend George Lurick, the details of this betrayal of secrets of the Commission. It is said Nekrasoff amasses about $500,000 in a short time as a result of his deals with these enemy agents; and that Mme. Mirolubskaya also amasses a large sum. She returned to Russia in 1916, and was in Petrograd during October and November, 1917. On her return she is said to have carried various documents for the Central Powers. One of the intermediaries between Nakrasov and the German Ambassador, von Bernstorff, was Rosika Schwimmer. One of the members of the Commission thought it more economical for Russia to manufacture her own munitions than purchase them in United States. Accordingly enormous sums were expended and a plant was built on Black Tom Island, the Russian traitors kept the German agents well informed as to the progress of the plant, and when everything was ready and large supplies about shipped the plant was blown up, with a loss about $40,000,000. Nekrasoff was arrested and confined in jail in Petrograd during November, 1918. P.A.Von Mohrenschildt and wife, of New York, visiting their relatives in Petrograd, called on Nekrasoff - and he stated he was falsely accused of being a spy and might have some trouble. (See CRAMM).

470. NELSON, Charles (alias Kircheisen) American See No. 318.

471. NELSON, Charles (alias KRAUCH) German Arrested i
Shanghai in Shanghai with Mex Sievrs, on charged of armed robbery. The confession of Nelson implicates Sievers with having been connected with munition plots, Hindu uprisings, &c.

472. NELSON, Harry W. American On sus-
Tokyo pected list; reports activities of Mitsui & Co., also on suspect list. Tokyo.

473. Bando, Japan — NEVEN, Nicholas — German — Seaman artillerist; prisoner of war in Japan; correspondent of Angela Haupert, who says federal authorities have notified her to discontinue writing him. (Bando by Tikushima)

474. Keeling — NIBEL, B. E. — American — Writer of letter describing German influence in China, to Mrs. SPP. Haney, 517 Grant St., Iowa City, Iowa. (267 Keeling,)

475. Foochow — NICOLAIESEN, Miss M.C.W. — German — Missionary at Foochow; companion of Paula Seidlmann.

476. Harbin — NIECELOVZOROF — Russian — Chief of Chinese-Russian relations bureau at Harbin; suspected of being pro-German.

477. Germany-Russia — NIEMEYER BROS. — German — Both men rank as captains; are brothers, worked in war prisoner camps; ages 50 and 60 years of age; look alike; lived many years in U.S. and claim U.S. citizenship; were employed to abuse British prisoners.

478. Japan-Russia — NIGO, Kuniso — Japanese — He and three other German agents were reported endeavoring to go to America on Russian passports in July, 1918.

479. Hongkong-East Indies — NILSSON, A. & wife — Swedish — Formerly Swedish Consul at Homgkong; has lately done much traveling in the Orient and Dutch East Indies. Enroute thru Russia with WALLENBERG, was stalled and obliged to return to Japan. Reported pro-German.

480. Harbin — NILUS — Finn-Russian — Pro-German; rescued German named Schultz from vengeance of Russians for murder of a Col. Krasovskii at Ufvesoff, and is now residing in Harbin.

481. Japan — NINAKAWA, Dr. — Japanese — Writer of an article for "Chinese Nippon" on "If Germany wins the war".

482. Tokyo — NOGAI, Dr. — Japanese — See No. 458. Attended meeting of German social club in Tokyo.

483. Ichang — NORDQUIST — Swedish? — Pro-German postmaster in the China Postal Service at Ichang.

484. NORTON, J. Randale — American — Probable draft evader from Rutland, Vermont, indicated in a letter from Waterbury, Conn., May 31, 1918, signed Sherm. (St. John's University, Shanghai).

485. NOSITZER, F. — American

486. Kobe — NOSITZER, N. — " — Both these are merchants at Kobe, Japan, and refused to register for military service after repeated warnings by the Consulates.

487. Pengpu, Yunnan. — NYI TSZE CHUNG — Chinese — Tuchun of Anhui Province; said to have a German adviser living in one of the T.P.R. Saloon cars at Pengpu. Gen. Nyi is said to assume that belligerency should exist between the North and South, probably due to this German adviser. (Pengpu, Yunnan).

487a. NETHERLANDS TRADING SOCIETY- Dutch Letter Aug.19,1918
Shanghai from this society to Banoco Holandes de America del Sur, Buenos Aires, Argentina, opens up an account of Gold $7000 for account of Messrs. Mozahi Haber (on W.T.B. List & CCC List).

487b. NORTH, Dr. Frank Mason American On M.I.B. sus-
New York City pect List; W.B.Cole, Hinghwa, Fukien, writes regarding missionaries involving consulates in difficulty.

O

487c. ODER, Dr. Frank Mason German Writing from
Tientsin Tientsin, Aug. 2, 1918 to I. Klell, 12704 Brockland Ave., Vleveland, O., asks for money to be sent to a given address under cover name. (Tientsin)

488. OEHLER, Dr. W. German Missionary at
Kwangtung Tschong-hang-Kang, Kwangtung

489. OELSNER German See No. 363,
Lander.

489a. OERSTEE, Ford German Tsingtau; See
748.

490. OI, General Japanese Said to be
Japan pro-German. General of 12th Division.

491. OKAMOTO, K Japanese Denounces Karl
Japan Dehn, San Francisco, as a swindler and a spy. (Dane)

492. OKONOV, S. Nils Russian? German agent;
Denmark said to be buying Czar roubles in lots of 200,000 or more at a time. (Juellogt 30, Copenhagen).

493. OKUNTKOFF, Ivan Russian Crook; asso-
Russia ciate of Narodny (No. 465).

493a. OLDT, W. German? Writing Aug.22,
Siu Lam Station 1918 to Dr. S.S.Hough, 403 Otterbein Press Blag.,
Via Canton Dayton, O., says "Mrs. Oldt says she sent you a letter written by Mr. Teim thanking me for helping him out of the town. Please do not publish this as I do not think it wise, may be not safe" (Siu Lam Station, via Canton)

494. Shanghai — OLLERDESSEN, Frederick Charles Henry American? Brother of Misses Ethel M. and Margaret L. OLLERDESSEN, who were refused passports by Dept's 372 of March 2, 1918. Ollerdessen executed declaration of intention at Shanghai stating his father was born at Ningpo, of naturalized American parents. (Shanghai).

495. Wuhu — OLINO, de; Francis Spanish Subscriber of "La Gaceta del Norte" a blacklisted Spanish newspaper. (Arhaver (?) Wuhu).

496. Tokyo — ONO, Tokusaburo Japanese Worked three years at Sasebo Naval Arsenal, and says he has been ordered to France- August, 1918. (Nakarakubancho, Kajimochi-Ku, Tokyo).

497. Peking — ORLIANSKY,-REGINE; Leo S. Russian Desired visa for travel to U.S. for commercial business in Los Angeles, Chicago, St. Louis and New York, Dept. instructs refuse visa, report unfavorable. (Peking)

498. Taiming-fu — OSBORN, L. C. American Evidently a pacifist missionary at Taiming-fu, North China. Writes Mr. and Mrs. A.C.Hamman, Almsted Falls, Ohio. (Taiming-fu).

498a. La-Ming-Fu, North China — OSBORN, L. C. American Writing Mr. and Mrs. A.C.Hamman, Alusted Falls, O., says immorality in France, England's importation of opium into China, Belgium's treatment of Africans, loose divorce laws and whiskey imported into heathen countries on part of the U.S., are the sins of those nations that caused the war; and that Germany is the arch sinner. (La-Ming-Fu).

499. Harbin — OTTO, Russian Important functionary in the Chinese Eastern Railway Administration at Harbin. Subcribed openly for the German fleet in 1914.

500. Mexico-Japan — OUCHEZ, B. B. (Probably BOUCHEZ) Mexican Member of Mexican mission to Japan. Sailed from Yokohama for San Francisco on "Kawi Maru" June 26-1918. Reported he says he is pro-American and was in Japan endeavoring to secure arms and munitions to start out revolutions.

501. OVERHAND, Arie German Man bearing this name, using Dutch passport No. 233, was a sailor on "Driebergen" torpedoed early in 1917 near Brest. Shortly after rescue he left for England, presumably from Le Havre, where his passport was delivered. There is no record of his departure or employment on another ship. In May 1918 the Dutch Consul General at Madrid says passport No. 233 had been falsefied.

502. Managua, Nicaragua — OZA, Norozabuso Japanese Said to be in prison at Managua, Nicaragua, charged with being a German spy.

P

503. Shanghai — PAGE, Kirby — American — Transmits circular letter on Chiba political conditions; and writes "We should love Germany," etc. Is evidently a religious fanatic. (Y.M.C.A. of China; Quinsan Gardens, Shanghai).

504. Peking — PAINTER, D. A. — American — Is suspected of pro-German learnings. Merchant at Peking.

505. Moscow, Russia — PANNELL, — Russian? — Sender of suppressed cablegram to Henri Debeville, Hotel Woodward, New York, who was arrested in a spy plot. (Moscow, Russia).

506. Vladivostock — PANOFF, — Russian — Retired officer of the Russian fleet; presumably at Vladivostock involved in German activities regarding the movement or destruction of military stores there. (Vladivostock).

507. Yokohama — PARAVICINI, Dr. — Italian? — Intermediary for correspondence intended for H.Ahrens & Co., Yokohama.

508. Shanghai — PARKE, George Henry — British — Parke is a "spoon player" theatrical artist. Visa refused because journey to U.S. not necessary. Bears passport No. 1975 issued by Viceroy of India Feb.13-1918.

509. Denmark-Russia — PARVUS, — Russo-German-Jew — The alias of Alexander Helphard; Social democrat; dangerous character; attended banquet given by Furstenburg at Copenhagen. See No. 238.

509a. Sutsien, Kiangsu. — PATTERSON, Mrs. B.C. — American — Letter from "Stella," 315 S. Third St., Scoutville, Va, denounces Belgium for attitude toward African subjects and missionaries. (Nothing apparently against Mrs. Patterson- unless of like sentiments). (Sutsien, Kiangsu).

510. Kiakjta — PASHA, Sann — Turkish — Colonel in Turkish army; fellow worker of Andersen, German spy at Kiakhta, Mongolia.

511. Harbin — PAUL. Monsieur — French — Deserter from the French army, leading a profligate life at Harbin; real name as Crosnier (No. 124).

512. Tientsin — PAYNE, Jessie E. — American — Was thought to belong to pacifist element exerting harmful influence on the Chinese. An emergency passport was granted her December 5th, 1918 for travel to the United States. (Tientsin- Hopei).

513. — PEKING EVENING JOURNAL — Chinese

514. Peking — PEKING EVENING POST — " — Both these papers were supported by Gilbert Reid and Walther von Wedekind.

515. Tientsin — PELZ (or Pelsa) — German — An associate of R. MERZ, of Tsinanfu. (Tientsin).

516. Stockholm, Sweden — PERRIN, Charles Austrian Jew Said to be a naturalized American citizen; suspected of being a German spy; prominently indentified with Protopopoff. (27 Schepperegatan, Stockholm, Sweden).

517. Mukden — PETERSEN, Rev. B. Norwegian missionary, addressee of letter from Sten-Jensen, Nevada, Iowa. (Mukden, Manchuria).

518. Shanghai — PFEUTZENREUTER, A. German Under cover of Siemens China Co., he writes to a firm in Sweden an article for publication in the Frankfurter Zeitung. (Shanghai)

519. Odessa, Russia — PIATEZKA, Pekeka Russian Correspondence to enemy under cover of Neutral in Mexico. (No. 14, Miascedowskaia St., Odessa, Russia).

520. Peking — PISCHEL, Albert American Author of pacifist letter to Dr. K. Pischeel, 1917 California St., San Francisco. (Grand Hotel des Wagon-Lits, Peking)

521. SanFrancisco — PISCHELL, Dr. Caspar American Father-in-law of Albert Evers, working at the Rockefeller Foundation (No. 156). Evers wrote an anti-American letter but is not thought disloyal by officers of the Foundation.

522. Shanghai — PISMENNEAI, Leo Russian Visa refused by Shanghai Consul-General account of instructions from Department that journey was not urgent. Sept. 30, 1918.

523. Harbin — PLINK, Russian Functionary of the Chinese Eastern Railway in Harbin. Openly subscribed for the German fleet in 1914.

524. Tokyo — POLIAKOFF Russian Intermediary for correspondence between Mrs. Angelina Goldkette (in Japan) and John Goldkette, La Paz, Indiana (48 Imperial Hotel, Tokyo, Japan).

525. POLIZO, Roumanian Should be watched; suspicious

525a. Sijuean, near Peking — POMAROLLI, Pio. (Bozzano) Austrian-German Writing to his mother, Mrs. Pia Pomarolli, Werla near Lavis, Southern Tyrol, Austria, says he is better in Chinese imprisonment than in Russia, and that the last letter he received from his mother was in March, 1917. (Sijuean, near Peking).

526. Prilutky, Russia — PONOOSKY, Chai Russian Addressee of socialistic letter from I. Ponovsky, 249 State St., Schenectady, N.Y.

527. Manchuria, Siberia — PONTILOFF, Russian Arrested with Givotovsky van Cetert and von Ryckevorsel; in business in Manchuria and Siberia. Said to be shrewd and capable, and looking out for himself. Leading Russian financier; former president of Russo-Asiatic bank.

528. POPESCU, Roumanian Should be watched, suspicious.

529. Russia-U.S. POSNER, American Mentioned in statement of Rosenblatt, June 28, 1918; said to be in Russia, representing America's interest but intending to return in interest of Bolsheviki.

530. Petrograd, Russia POSNER, ENGINEERING CO. Russian (S.L.Posner) Joint addressee with Dr. Weinberg of suppressed cablegram signed Posner, from New York. Sender considered suspicious and pro-German. (Posner Engineering Co., Petrograd).

531. Harbin POUNNDOR Russian (Lieutenant) Member of frontier guard; now at Harbin; report says is pro-German.

532. Siberia, U.S. PRINCE, American Pro-German Y.M.C.A. worker; hile engaged in YMCA work in Siberia it appears he directly or indirectly aided the enemy. Is now believed to be in the UnitedStates.

533. Yokohama, Korea. Kobe PROBOI, George (&female) Proboi and a woman registered at the Belmont Hotel, Yokohama in Sept. 1918; he was uniformed as junior grade lieutenant of the Russian Navy; 25 years old. On way to station (Sept. 25-1918) he changed into the uniform of a U.S. lieutenant, junior grade; bought a second class ticket to Shimonoseki. Oct. 10, 1918 a letter postmarked Kobe was received by the hotel, saying he would pay the hotel 170 yen lodging he owed: signed George Proboi.

534. Bankiapin PUERA, A. Antonio Spanish Writing Don Jose Puera Bosch, Casilla del canal, Angleoroia, Spain, says justice is auctioned off in China. (Bankiapin).

534a. PUSTAN, E. V. See No. 635.

535. Tientsin PYKE, Mrs. Frederick M. American Addressee of letter from "Mission," 281 High St., Newburyport, Mass. deploring America's attitude toward pacifism. (Intermediate School, M.E.Mission, Tientsin).

R

536. RABY, S. Martin — Mexican? — Went to Japan with Juan T. Burns Mexican Mission; claimed he was a special representative of the Chilean government to the Japanese government. — Japan-Mecico

537. RADAMACHER, — German — Troublemaker at Soerabaya, Java; formerly agent for the German export and import firm of Behn, Meyer & Co. — Soerabaya, Java

538. RADEK, — German — Former German Social Democrat at Berne; had the name of Sobelsohn; was Russian Bolshevik and director of telegraph agency in Petrograd. — Berne-Petrograd

539. RAMOS, A. — Wrote a letter with secret writing 'C C̄22Ī' &c. Lives 24 Haining Road, Shanghai. — Shanghai

540. RASCHKE, Franz — German — Schoolboy in Shanghai. — Shanghai

541. HASPE & CO. — German — Active in importing German goods into Japan; is a branch of or closely connected with M. Raspe & Co., Importers, Hamburg Cover names: Marukawa, Kobe; Gischuro, Shrono, Osaka and others. (PO Box 63, 91 Kitamachi, Kobe Branches at Tokyo and Yokohama). — Kobe, Tokyo, Yokohama

542. REED, Louis A. — American — Philippine Dept. reports he is suspected of pro-German activity. (This may be the same individual who was in Petrograd and was appointed Bolshevik Consul to New York, and was arrested at Ellis Island. (Philippine Islands- U. S.) — Philippine Is.

543. REID, John Gilbert — American — Formerly of the International Institute, Shanghai; well known in China as pro-German publicist. — Kiukiang

544. REED, John — American — Sent by REINSTEIN as socialist and agitator to the United States from Petrograd to make trouble there.

544a. REGINE-ORLIANSKY; — See 497.

545. REGLITZ, — German-Jew — Aged 40; German agent; reported to have left Japan end of July, 1918, traveling under other names. — Japan

546. REINERT, W.A. — German — Went surety for HENRICKSOHN, who pledged he would do nothing against China in behalf of Germany, and then began distributing German literature. (Kuling) — Kuling

547. REINSTEIN — Russian-Jew — Probably prominent Bolshevik; sent John Reed, socialist and agitator from Petrograd to U.S. to make trouble. — Russia

548. REMENSKII (Gen.) — Russian — At Harbin; said to be pro-German. — Harbin

549. Kiangsi — RENNINGER, Anna M. American Writing Mrs. Wm. Martin, Shelltington, Lenn., says she feels sorry for the Germans since they must listen to anti-German sermons. "God alone knows who the victors will be." (Kiangsi).

549a. Kiangsi — RENNINGER, Anna M. American Writing Mrs. Wm. Martin, Shellington, Penn., says she feels sorry for the Germans since they have to listen to anti-German sermons. "It is not for us to say who shall be victorious; God alone knows who the victors will be." (Kiangsi).

550. Ritzville, Wash — RICHTER, Joseph F. American Ritzville, Washington. Letter from Father Jourdain Mimioben, of the Roman Catholic Mission at Shanghang, Aug.8-1918 in German capable of two constructions, indicates these men alike in sentiment.

550a. Nanking — RICHTER, R. German Writing to Karl Freiberg, Merseburg, Germany, says he was on the Torpedo Boat G-90. (Prisoner at Nanking, probably).

551. Peking — RIDDER German Associate of Walter Von Wedekind in "Peking Evening Journal," and writes for the paper.

552. Harbin — RISCH, H. German Harbin Consular despatch Oct. 25, 1918 says he is 35 years of age, of Teutonic type; merchant; came to Harbin in 1917; bears passport issued April 15, 1916 by Russian officials at Lenzhsh, Petrograd; was in hospital at Omsk for several months; engaged in buying provisions on small commission for merchants at Blagoveshchensk. Wrote long account of himself to Otto Risch, Alexandria, Minn. (Harbin).

553. Harbin — RISCH, Otto German-Russian Naturalized Russian; pro-German; wrote long letter to Otto Risch, his uncle, at Alexandria, Minn, June 19, 1918. Is probably the same individual as next above. (Harbin)

554. Shanghai — RITTER, F.W. German Registered German; bitter anti-American; wife's address is c/o Wm. McMaster Portland, Oregon. (c/o Carlevitz & Co., Shanghai)

554a. Tak Hing, West River, South China — ROBB, Rev. J. K. American "Maude" Topeka, Kansas, encloses to Rev. Robb a statement of the Reformed Presbyterian Church with regard to the present war, which statement should not be allowed to circulate. (Tak Hing, West River, South China).

555. ROBBINS, Raymond American With the American Red Cross in Russia; for a long time at Petrograd; personal friend and admirer of Lenine and Trotsky; was considered of strong Bolshevik tendencies and sympathies; often visited Lenine and Trotsky and on very friendly relations with them. Returned to United States in summer of 1918.

555a. Waichow — ROBERT German Writing June 21, 1918 to his sweetheart, assures her of his love, tells of his family trouble, and says he can't understand why there is so much trouble and sorrow in the world. (Waichow).

556. ROBININE, V. V. Russian Probably a Bolshevik; expressed satisfaction at leaving the U.S. En route to Orient in 1918.
Orient

557. RODING, H. & Anna German Children of Mme. T. Roding; Write to her at Hamburg thru German Aid Society of Stockholm, Sweden.
Tientsin

558. RORDORE, Paul K. H. German Eugene Sister writes is sending 34,000 without mentioning consideration; Sister asking permission to send chemicals to Switzerland. (74 Yahashita-Cho, Yokohama).
Yokohama

559. ROSBACH German Associate of Boehme, Bernik and other Germans who hold threads of German apy organization in the Orient. (At Hulan-fu, Heilungkiang).
Hulan-fu, Heilungkiang

560. ROSEN, de Baron Russian Former Romanoff ambassador to the United States; reported as coming there as Bolshevik agent. Later ereport is that he went to Berlin on June 18th, 1918 from Stockholm.
Russia-U.S.-Sweden

561. ROSENBERG, M. Rouman-Jew? Write Alexander & Green, 120 Broadway, New York, regarding someone whom hesays has falsely accused him of being Austrian or German; says he is Roumanian. (Hotel Europe, Bangkok, Siam).
Bangkok, Siam

562. ROSENBERG, Russ-Jew Soldier of Alsace; Lorraine; from Kolmar; 43 years old, enrolled in 1916 and was sent to Galicia; speaks French well said he wanted to become French subject; disappeared from Priestan, Harbin.
Harbin

563. ROSENDAHL, Bertran German Write thru A.I.Behnszewicz, Tientsin and Tyska Hjalpforeningen, Stockholm, to Herlsendorf, Holstein; mentions "Kurt." (Shanghai).
Shanghai

564. ROSENESH, T. American Sender of suppressed cablegram to Mrs. M. Rosenesh, 1146 Wellington St., Chicago, Ill., who with her husband are said to be radical socialists and Bolsheviki. (Petrograd).
Petrograd

565. ROSS, Miss Gwendolin British Daughter of Canadian Trade Commissioner in Shanghai; suspected of using Helen W. Bromfield as a carrier of correspondence between herself and sister, who left Shanghai for the U.S. in October, 1918; is said to have a government position in Washington, and suspected of pro-enemy sympathies.
Shanghai-U.S.

566. ROSS, Miss Julia (Toosie) British Sister of Gwendolin Ross; was intimate with H.P.Lohman in Shanghai; Lohman was discharged by Standard Oil Co. on suspicion of pro-German learnings; Julia Ross and sister used Helen W. Bromfield as intermediary for their correspondence; and Julia is said to have disseminated German propaganda at Shanghai. She left for U.S. in October, 1918; visa properly identified.
Shanghai-U.S.

567. ROY, MAHENDRA NETH Hindu Hindu German agent, at present said to be in Mexico; associates with Vicenta Krafft.
Mexico

568. RUBINSTEIN, Dimitri Lvovich Russ. Jew American Consul in Petrograd considered him dangerous and objectionable subject and refused to visa his passport. Principally occupied in buying and selling money and exchange. Formerly president of the Moscow Trading Bank. (7 Skepparegatan, Stockholm, Sweden)
Stockholm, Sweden

569. RUSSEL, Maud American Writes from Kuling July 13, 1918 to Norman Thomas (on M.I. suspect list), expressing joy at being member of the Fellowship of Reconciliation. Expresses satisfaction with their publication, "The world tomorrow." (Y.M.C.A., Shanghai, China Box 713, American Post Office).
Shanghai

569. RUSSEL, Maud (Miss?) American Connected with the YMCA in Shanghai. Speaking of the publication, "The World Tomorrow," says she is pleased that it is not simply an anti-war journal, &c. (Shanghai).
Shanghai

570. RUTGERS, S. J. Dutch K. Arahata, of Tokyo, Japan sent contribution of $50.00 to Wm. D. Haywood. Believed Arahata associated with Rutgers. Dutch socialist, agitator and possible pro-German propagandist in the Orient. (90 Yokohama Specie Bank, Tokyo; Shuff 26 D. Yokohama).
Vladivostock
Tokyo, Yokohama, Japan

571. RYCKEVORSEL, von; German In charge in Vladivostock of the affairs of one Givotovsky, who fled to Japan from the Bolsheviki; and is an associate of A. von Cetert, Yokohama.
Vladivostock

572. SAHR, Curt A. American Formerly in charge of sub-experiment agriculture station at Schofield Barracks Hawaii; discharged for pro-Germanism, and reported he may go to the Orient. (Hawaii)
Hawaii

573. SALMAN Russian See TROUBNIKOFF.

574. SAMMER Russian Commander of the city of Harbin. Report says he is raging pro-German
Harbin

574a. SAN HO YI Chinese Owner of premises at 34 Ch'uan Pan Hutung, where enemy residents receive correspondence, using it as a cover address. (Peking)
Peking

574b. SANDBERG, Johan Oscar (see 575)

575. SANDBERG, Oscar Ivanovitch Russian German agent, proven by letter to one Mizzie Wischek, Troppan, Russia was in Kazan until shortly before October, 1918 and left hurriedly ahead of Czechs; reported as owning large properties North of San Francisco, near Canadian border. (Whereabouts not definite). (May be Johan Oscar, German agent in Siberia, operating against Czechs).
Russia
California

576. SANDER, Albrecht German Inactive German sympathizer at Shanghai; wrote thru Deutsche Huelfsverein to Frau Edith Moenlerburg, Badestraine, Hamburg. (110 Avenue Road, Shanghai).
Shanghai

577. SANSONOWITCH, D. Russian Wants to send 450,000 roubles to Stockholm; writes Gerhard & Hay, 21-24 State St., New York, to arrange it with M.I. Bureau. (51 Yamashita-cho, Yokohama).
Yokohama, Japan

578. SANN PASHA Turkish Fellow-worker of Andersen, German spy at Kiachta, Mongolia. (Kiachta)
Kiachta

579. SASAKI, Dr. Japanese Attended meeting of German social club in Tokyo.
Tokyo

580. SASHA, Russian Apparently a non-Bolshevik Russian of the better type; frequently mentioned in letter from Commercial Bank of Siberia to 1.Pailis, 55 Aero Squadron, Waco, Texas. (Vladivostock)
Vladivostock

581. SATO, KOJIRO; Lt.-Gen. Japanese Attacked by correspondenteof Japan Times and Mail for pro-German article in "Hochi Shimbun."
Japan

582. SAVINE, Nicholas Erasmus American Alias Loutrec; American Consul Singapore instructed to take up his American citizenship papers; perform no services for him; and to inform Consuls India and Australia by mail. (Singapore)
Singapore
(See 693-368)

583. SCHAARSCHMIDT, German Nephew of Joseph Ritter on blacklist; uses cover names G. Chas Smith, a and cloak Jubs Forverod, Harg Kiaya, Parato Samyot, Krungthap, Siam. (Bangkok, Siam).
Bangkok, Siam

584. Kiukiang — SCHAEFER, American? Principal of Methodist College at Kiukiang. This school was formerly notoriously pro-German, as well as Methodist schools throughout Kiangsi. Schaefer promised to be good in the future and to eliminate pro-Germanism. Closely associated with the Kupfers, and has never come out in favor of allies; is suspected by neighbors. (Kiukiang).

584a. Kiukiang — SCHAEFFERS American Delie H., of 541 Lexington Ave., New York, writing Miss Helen Duff, Kuling, China, speaks of the Sahceffers as silenty Germanists; also of Mrs. Nast, of Cincinnati. (Kiukiang).

585. Petrograd — SCHAN-JKELDSEN Danish Formerly assistant to the Danish Commercial Attache at Petrograd; educated at Hamburg; has just visited Copenhagen and returned to Petrograd via Berlin.

586. Kuling — SCHEMP, Miss German German missionary, mentioned in letter from Clara Sohmerman, 101A, Kuling.

587. Tokyo — SCHENK, Mrs. W. Egbert American Addressee of letter of pacifist tone from "Mother" postmarked Kansas City, and referring to "Donald" at Columbia, S.C. (22 Shiba Park, Tokyo, Japan).

588. Harbin — SCHICK, G. American? Schick sends goods to Harry Todrin, of New York, who is the dummy to receive them for Gustavus J. Fuerth. Schick is a fur dealer in Harbin and Mukden; Fuerth is sole representative of H.M.Koenigswerther of Leipzig, Germany, in New York City. Harry Todrin is a nephew of C.A.Bychovsky, of Harbin; and Schick is Bychovsky's brother-in-law. The arrangement seems to be trading with the enemy.

(See 91-688)

589. Padang, Sumatra — SCHILD, J. German Addressee of letter from E.L.Prior, New York, to Padang, Sumatra. Padang is said to be the German center in the Dutch Indies.

590. Nanking — SCHILLING, Hugo German Interned at Nanking. Writing Marie Pohle, Hofmeisterstr. 17-I, is violating prisoner of war mail regulation, by acting as intermediary, (Nanking).

591. Vladivostock — SCHINDLER, Edward German German agent in Vladivostock for the purpose of moving Japanese and Russian military goods from Vladivostock to the West, or failing in that, destruction of the goods.

592. Arisdenfeld, Russia — SCHLEGEL, Andrei Peranovitch German Presided at metting of Volga Germans, where a small republic was organized. (Arisdenfeld, Russia).

593. Changchun — SCHLIMOVITCH Russian Jew Jew at International Hotel, Changchun; capable of giving information; under suspicion.

594. Harbin — SCHLOSSBERG, Russian Jew French secret service regards him as traitor Jew, capable of giving information for money. (Harbin)

595. SCHMIDT, I. C. — American — Brother of H.W.Schmidt, Welteoreden, Java — Bowdon, N.D., who wrote him, complaining of enforced purchase of Liberty Bonds & War Stamps. (Welteoreden, Java);29 Gang Boru (Kranat).

596. SCHMIDT, John J. — German — German missionary; Tsao Hsien, Shantung — correspondent of Rev. John J. Fussen, Hillsboro, Kans. (Tsao Hsien, Shantung).

597. SCHMIDT, Walther — German — Former resident of Tsingtau, Shanghai — Tsingtau; now living at 11 Yates Road, Shanghai. Writes Deutscher Huelfsverein, Stockholm, to forward letter to his wife. Mentions Kuelpo and Menard, German friends residing in China.

598. SCULTSKY, Zeman — Russian — Alias Sam Slutsky; address unknown. Deported from United States as an undesirable alien. (See 609-630)

599. SCHNEIDER, Christoff — German — Writes to Dekota Freie Orenburg, Russia — Presse, Aberdeen, S.D., describing the organization of a German republic in the Volga, apparently not far from Saratov. (Orenburg).

600. SCHNEIDER, Fr. — German — Writes A.Schneider, Kulschuk — c/o Rev.H.Dipper, Pilzer St. 35, Basel, Switzerland, Is a German and comments on wealth in China.

601. SCHNEIDER, Paul — German — See HERBERGER, No. 240.

602. SCHOCH, G. A. — Swiss-German — Examiner of Chinese Yunnanfu — Cuscoms at Yunnanfu; Swiss nationality; mother German; intimate only with Germans at Yunnanfu; takes all his meals with them and is their intermediary. Wrote A. Harter, Spiedel & Co., Mengtse, Oct. 31, 1918, "All the world now knows that Germany is the strongest of the strong." November 11th, 1918 he wrote Harter: "I have served my time in the American army and was wounded in the Philippines. I left Germany at the end of December, 1914. If they play the dirty on me I will go to the American Consul, as I have two passports, an American and a Swiss." Says he intends to go to Germany shortly.

603. SCHRAP, O. H. — American — Naturalized American Mukden — of Austrian birth; had trouble formerly in securing an American passport, and after much correspondence secured one. Applied for an emergency passport thru Mukden Consul General Jaonuary 5th, 1919, for travel in China only. After consideration, passport was granted for use in China only and not otherwise.

604. SCHROG, Emil — Herman — Prisoner of war at Aonogahara, Japan — Aonogahara, Japan; correspondent of Mrs. Lena Weischadel, South Vineland, New Jersey.

605. SCHRYVER, T. — American — Mixed up in some com- Yokohama — plicated diamond deal; writes about it to S.A. Stern, 87 Nassau St., New York. (Grand Hotel, Yokohama).

606. SCHUBART, Hans — German — Forwards letter destained to Germany for forwarding by Bureau International de la Paix, Berne, Switzerland. (28 Kiangsi Road, Shanghai).

607. SCHULZE, Max — German — Alias STEENECK. Schulze's confession tells about munition plots in the United States, attempts to start Hindu uprising and mutiny, and to ship supplies to them via Manila and India. Made confession October 4th, 1918 at Shanghai.
Shanghai
(See 646)

607a. SCOTT, Roderick — American — Writing Mr. & Mrs. R. J. Shortlidge, Choate School, Wallingford, Conn., says Clarence A. Neff converted him to become a pacifist. (Foochow)
Foochow

608. SEIDLMANN, Paula — German — Missionary at Foochow companion of Miss M.C.W. Nicolaiesen. (Foochow)
Foochow

609. SELUTSKY, Zeman — Russian — Alias Salutsky, Slutsky. Born in Vilna, Russia; jockey by profession; stated he enlisted in British army in 1914 and was wounded in 1915 and taken prisoner by the Germans; from whom he escaped into Russia. These statements are false. Was four times sentenced for fraud and finally deported as an undesirable alien. Should not be allowed to land in United States.
Russia

610. SEN (or SON) — Hindu — Confederate of Steeneck, Boehn, Wehde and other German agents, who came to Manila to assist in sending ammunition to Hindus.
Manila

611. SENDZIMIR, Tadousz K. — Russian — Visa refused by Shanghai Consuk General Dec. 11, 1918; passport 769 issued by Zemskaia in Vladivostock. Dept. replied "No urgent necessity for his visit and present business connections are open to suspicion."
Shanghai

612. SERDKMANN, Paula — German — Missionary; addressee of disloyal letter from Martha Becker, 824 Center St., Chicago, Ill. (Kutien via Foochow)
Kutien, via Foochow

613. SHELTON, Dr. — American — Arranged an armistice between Chinese and Thibetan armies. (Batang)
Batang, W. China

614. SHERCWER, Robert — American — Has platinum for sale P.O.Box 298, Yokohama, Japan.
Yokohama.

615. SHIBUYA, M. — Japanese — Lately returned to Japan from U.S., where he was agent of the Japanese Government as Inspector of the Monopoly Bureau (Tobacco).
Japan

616. SHIENER, — German — One of the three Germans arrested at Urga, Mongolia, carrying forged Dutch passports.
Urga, Tientsin

617. SHIKE, Fuijui — Japanese — Said to be in prison at Managua, Nicaragua, charged with being a German spy.
Managua, Nicaragua

618. SHINKAI, T. — Japanese — Addressee of mysterious chart, thought possibly to be a code, from Panama Pharmacy, 424 Main St., Seattle, Wash. (Tokyo, Japan).
Tokyo

619. SHINTANI, Jiro — Japanese — Author of letter to Chemulpo, Korea — Furntani Kantera, P.O.Box 709, Honolulu, describing movements of Japanese warships, and minutely describing equipment and rations of battle cruiser "Tongo." (Chork, Hyum Jinsen, Chemulpo).

620. SHOTEN, Goto — Japanese — In the market for steel. Addressee of letter offering to supply same from James H. Swezy Co., L.C.Smith Blag., Seattle. (168 Sakayemachi 6-choms, Kobe). Kobe

621. SHRAP; O. H. — American — See No. 603. Mukden

622. SHULT, — German — Was hospital steward attached to the German Legation guard, and has been seen from time to time entering the old German Guard barracks, and at Peking Pavilion, in company with Dutch non-commissioned officers. Peking

623. SHUMKICHI, Kimcora — Japanese — Has a friend interested in buying wireless equipment. (New Mitsui Bldg., Tokyo). Tokyo

624. SIEMENS CHINA CO. — German — A. Pfeutzenreuther sends manuscript under cover of Siemens China Co. for publication in Frankfurter Zeitung. (Shanghai) Shanghai

625. SIEVERS, Max — German — German spy and agent arrested at Shanghai in September, 1918, in connection with an armed opium robbery. Was given one year in the French there. KRAUCH (No.340) confessed, implicating them in munition plots in Canada and the United States; plots to assist the Hindu uprising and mutiny, and in General to add Germany by whatever means possible. Shanghai

628. SINGLE or SINGEL. — German — Said to be actively pro-German, in letter from F.J.H. Changsha, to Mr & Mrs. J. B. Bail, RFD 1, Oakdale, Penn. (Changsha) Changsha

627. SJÖLING, Ernest — Swedish — Reported en route from Calcutta to New York, leaving April 19, 1918; suspected; was on Norwegian sailing ship "Storskog," torpedoed in February, 1917; fraternized with U-boat crew and taken by them to Germany; released, he travelled from Sierra Leona to Durban on SS "Upland" in December, 1917. Africa, Orient

628. SKOLD, John — Swedish — Swedish Missionary Society at Wuchang; sends article for publication in Swedish newspaper in Chicago to Rev. O Hogfeldt, 361 West Oak St., Chicago, Ill. Said not to be pro-German, but anti-Japanese. (Wuchang). Wuchang

628a. SKOWRONSKY, Stefan — German Pole — Asks visa to P.I., to remain there 3 months, them proceed to Poland via Dantzig or Odessa. Legation's Jan. 20-19 refuses visa. Was in German Poland at outbreak of war, bears certificate of Polish nationality. Harbin's L-8-19. Harbin

629. SLAUTA — Russian — Connected with the Chinese Eastern Railway at Harbin; suspicioned of being pro-enemy. Harbin

630. SLUTSKY, Russian See 598 and 609.
Russia

631. SMITH, Lloyd Mellor American Refused to register for
Nara, Japan Military service after repeated warnings by Kobe Consulate. (Nara, Japan). Missionary.

631a. SMITH, Joseph American Writing Edw. P. Swas-
Ichowfu, ten. Philadelphia, Penn., Benj. M. Harding,
Shantung Ichowfu, Shantung, refers to the disloyal attitude of the Mormon Church and its president, Joseph Smith. (Ichowfu, Shantung).

631b. SMITH, Menson J. American J.A.Smith, Phoenix and
Tsinsnfu, Mesa, Arizona, Writing Menson J. Smith, of
Shantung Tsinanfu, indicates they are both sympathizers of Pastor Russell and the Bible House workers.

631c. SHTITSKY, Morry Russian Writing Aug. 21, 1918
Shanghai to Senor Y. Cohen, Para Phillips Jacobs, 1020 Buenos Aires, Argwntine, S. A. asks him to help him get away from China- where Russian men can not work- by getting a permit from the Spanish Consulate.

632. SOITSKY (or SVITSKY) Georges Russian Said to have been
Japan sent to Japan on a mission for the Romamoff Government, and to have a sister who is considered a dangerous spy. (See SVITSKY) (See 666).

633. SOKOLOF Chinese Russian Tchinovaik for Civil
Harbin Affairs in Eastern Railway Administration at Harbin. Suspicioned of being pro-German.

634. SOKOLSKY, George E. American Writing to Frank Scully
Tientsin 407 Wolcott Ave., Long Island City, New York, he appears as a semi--highbrow socialist and Bolshevik sympathizer. Sokolsky worked in a newspaper office in New York with Leon Trotsky, the erstwhile arch-traitor of Russia. He tells that Trotsky left New York owing a board bill, then drafted into Switzerland where he wrote a socialist book, and finally came to Russia. Is a great admirer of Trotsky's genius and though admitting Trotsky and Lenine were traitors to Russia, feels no compunction about admiring them. In Harbin December 18th, 1918 he made the remark that he was "Just a Red as he was in Petrograd," Worked for the Russian Daily News in Petrograd and said he did intelligence work for the Britidh-- or at least gave them information regarding Bolshevik activities for which he was compensated. Working for the North China Star at Tientsin. It is not believed he is disloyal to the United State , but the socialist beliefs the entertains are such that, if greatly exaggerated, might become a menace.

635. SOMERTON, Mr. S. American Addressee of letter
Yokohama dated May 25,1918 from E.V.Pustan, 218 Hudson Avenue, Albany, New York, referring to proposed trip to the Orient of Carl Von PUSTAN and and his adopted secretary, Irene McMANUS, supposed to be pro-Germans. Raspe & Co. are said to be friends of his. (26 Water St., Yokohama) See 426a & 534a.

636. SON (or SEN) Hindu See No. 610.

637. Russia SOUKHENNIKOF, Russian Said to be working in con unction with the Christian Frederic Fribert, on a book on the Russian revolution, glorifying Trotsky. See 162-a. (Russia)

638. Tokyo SOYEDA, Juichi Japanese Correspondent of David Starr Jordan. (L. Fujimi-cho, Ochome, Kudan, Tokyo).

639. Tokyo SOYESHIMA, Count Japanese Apparently interested in pro-Japanese propaganda. Addressee of anonymous letter in prefect English on this subject from someone at Saint Francis Hotel, San Francisco. (79 Kogaicho Azaku, Tokyo).

640. Canton SPALINGER, Ulrich Swiss Of Spalinger & Co., Canton. This firm was investigated formerly and found not to be pro-enemy.

641. Samarang, Java SPUEGEL, H. Winkel Hollander S.H.Winkel Spiegel, Maat-Schappy, are commission merchants (Austrians) trading with Germany. Ignecz Back is buying agent at the Hague and intermediary for correspondence with Germany. (Samarang, Java).

642. Peking SQUILBERG, H. German Writing to Germany (Marcel Rene de Hartean) through J.P.Carvil, Christiansburg, Copenhagen, Denmark; is probably a German agent. (Peking).

643. Waushien STAN, German School teacher at Wauhsien. It appears Germans in considerable numbers live up and down the Yangtze River, employing Stam and Steinle, teachers. (Waushien).

644. Kalgan, Taiyuan STARCH, German Mentioned in connection with A. Tuschka (No. 299) and August M. May (No. 424). Said to have been connected with an American trading concern at Kalgan and Taiyuanfu.

645. STAUNING German Attended banquet in Copenhagen, given by Furstenberg, together with PARVUS (309) and Vorovsky.

646. STEENECK, Henry (alias SCHULZ) German Arrested by French police at Shanghai early in October, 1918, and made a confession, implicating the Eisenmabb Magneto Co., of Detroit; Kaltschmidt; and Paul Jaenisch (No.280) in munition and mutiny plots in the United States, Canada and elsewhere. (See No. 607).

646-a. Shanghai STEENHAUWER, C. German Letter from "Hidalgo" (G.W.Richter, Alameda, Cal.,) mentions matters connected with the German Schlarrafia Society, of which Hidalgo is a member and Steenhauer also.

647. STEINBERG, Gustav American See Kate, No. 308 and 649.

648. Switzerland STEINHARD, Charles C. American Activities in Switzerland reported as pro-German.

649. STEINBERG, Gustaw — Russian Jew — See 308. Is wanted in connection with Franz von Rintelen. A letter from C. P. Steinberg, of Tientsin, to M. A. Katz (308) of San Francisco refers to a certain individual who is thought to be this missing person.

650. STEINBERG, C. P. — Russian Jew — See No. 649, above. Tientsin (Tientsin).

651. STEINER, Pedro — Hungarian — Is Netherlands Consul Para, Brazil. at Para, Brazil, in absence of Herr Berringer.

652. STEINLE, — German — Teacher at Waun-hsien. Wauhsien.

653. STEENBERG, Inez Trotsig — Swedish — Thought to be pro-German. (Tokyo) Tokyo

654. STENROTH, — Finn — Sender of suppressed cablegram from Helsingfors to Dr. Ignatius, care National City Bank. (Helsingfors). Finland

655. STEPHAN, Paul — German — German marine prisoner of war at Narasbino, Japan; and addressee of of letter enclosing pro-German newspapers from C. Honsberg, c/o Gunther & Co., Box 1100 Valparaiso, Chile. (Narasbino, Japan).

656. STEPHANY, Marie, Miss — American — Addressee of disloyal letter from C. Cara, 1369 E. 124 Place. Taiyuanfu, Shansi — Cleveland, Ohio- on suspect list. (Taiyuanfu, Shansi) Supposed pacifist agitator.

657. STLINDZLER & CO. — Dutch — Receiving gunpowder in cans thru San Francisco agent. (Batavia). Batavia, Java.

658. STOENBERG, Col. — German — Head of 20,000 armed former war prisoners, near Irkutsk called "International Society for the Destruction of Capitalists." (Irkutsk). Irkutsk

659. VON STOLK-SYTHOFF, — German — Writes to Mr. Ruger de St. Avant, Balmira, Mendoza, Argentine, about one Mlle. Nruman. (Batavia, Java). Batavia, Java

660. STONE, Charles — American — Travels for Gande & Price at Shanghai; regarded suspiciously. Visa to passport permitted Dec.11, 1918. Shanghai

661. STONE, W. H. — American — Probably same man as was reported traveling in South America with one Kruger, thought to bear a resemblance to Richard Kundel of Mexico City, formerly employed by the German embassy in Washington. Addressee of letter from R.D.C.Central Aguirre Sugar Corp., 89 State St., Boston, referring apparently to domestic affairs. (c/o Meje Trading Co., Muria Bank Bldg., Tokyo, Japan). Tokyo

662. STRAUS, Johan M. — Swiss — Registered with American Consul General, Shanghai. Nothing known against him. (Shanghai). Shanghai

663. Shanghai STUART, W. American Writes rather anti-Ally letter to R.C.Turner, San Francisco, Cal. (Beckley, 10 Haiphong Rd., Shanghai). Investigation fails to disclose any other than loyal sentiments.

664. STUPPEL, Paul, Inc. Norwegian? Letter from New York office, 105 Hudson St., gives name of a junta in Norway. (84-B Yedo-Machi, Kobe).

665. Shanghai SUPERIOR EXPORT CO., German Enemy firm at 120 Liberty St., Room 805 New York; 34 Nanking Road Shanghai. George Scherr, President; Frank H. Louer, Treasurer; James G. Brown, Secretary.

666. SVERSKY (alias SVITSKY) Russian See No. 632. Possibly identical with Scitsky. Said to have lived in Petrograd and Moscow with three French girls, & to have left when Kerensky did, coming to Tientsin and Peking, where he is supposed to be employed in the Russian bank. He took with him 36,000 roubles in gold. (Apparently not in either city at the writing of this data). Said to have been sent to Japan on a mission for the Romanoff Government and to have a sister who is considered a dangerous spy.

667. Harbin SVETCHNIKOFF, P. Russian Writes pro-Ally letter on Russian conditions to a man with same name at 2438 Ninth St., Berkeley, California. (Pekinskaya 1084, Harbin).

668. SVITSKY, Georges Russian See 632 and 666.

669. SWAN, Oscar L. _____ Passport refused by Dept. but visa permitted Nov.16, 1918. not United States citizen.

670. SWEDISH RED CROSS German-Swedish Transported munitions from Vladivostock to Moscow and Petrograd in May, 1918, in cars marked "Swedish Red Cross."

671. SWEDISH HILFSAKTION Swedish For war prisoner relief in Siberia; carried pistols and ammunition for German and Austrian prisoners. Both these concerns were fostered by enemy funds.

672. Canton SWIFT, George H. American Reputation for honesty and integrity is below par. Canton Consul reports he left owing money to various persons, and took sudden departure. Nothing has developed so far indicating disloyality.

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673. TAFFANOIS, French Pseudonym of French deserter living at Harbin; has lived at the Hotels Russia and Victoria. (Harbin).

674. TAGGART, M. H. American Pacifist missionary; writing to Mrs. Emilie E. Davis, Mrs. H. J. Dilgard, R.F.D. 7, Box 16, Benson, Nebraska. (Sin Ming Kuan, Chihli, China.)
Sin Ming Kuan, Chihli.

675. TAKANO, Haru Japanese Sister of unknown correspondent writing from Portland, Maine, regarding submarine attack on transport. (Kobe)
Kobe.

676. TAKASAKI, T. Japanese Addressee of letter from A. Sandoval, 711 Marsh Strong Bldg., Los Angeles, Cal., regarding political conditions in Mexico. (c/o Tokyo Kisen Kaisha, Osaka, Japan).
Osaka

677. TAKEKAWA, Kushi Japanese Reported going to the United States as a German agent with Russian passport. A Japanese named Takekawa was in California negotiating regarding Mexican land in September, 1917, probably not the same man.

677a. TAKORA, See No. 683.

678. TASHIRO, Dr. Japanese Attended meeting of German social club at house of Minon Yasuda.
Japan

679. TAUBE (or TAULB) Russian-German General commanding the Bolshevik force which defeated the Semenoff forces near Matievskaya about June 20th, 1918; former Russian officer and was dismissed as a German spy.
Siberia

680. TAUBE (or TAULBE) Swedish Formerly under General Munthe, at Peking; purchased silk, possibly for use in aeroplanes, and took it with him, along with large sums of money, attempting to reach Blagoveshchensk and returned to Peking-saying he was unable to get thru to Russia. He returned without the silk or money. Is supposed to have delivered it to some German agent.
Peking

681. TCHONSKOFF, Col. & Mrs. Russian Officer of the Russian General Staff, returning to Russia from Washington, where they travelled with the root Mission. Aristocrates by birth but said to be absolutely in sympathy with the Bolsheviki. Name is also listed as Tchonbakoff, supposed to be in the pay of the Germans.
Russia

682. TCHINBAKOFF (TCHONBAKOV) Russian See No. 681.

683. THAKORE (TAKORA) Japanese Involved in Mexican intrigue in Japan, and is probably a German agent. (c/o Yosiro Kuyun, 55 Tansumachi Azabuku, Tokyo).
Japan.

684. Shanghai THOMAS, A.C. (alias Von Hierling) German Also known as Carl von Hierling; left Shanghai on the ESANG April 29th, 1918; returned May 5th via theSHEN-GKIANG. (Shanghai).

685. Shanghai TIETTEL, German Fearing deportation, wrote Mrs. Martha Hener, Apartado 895, Mexico. (Shanghai).

686. Russia TIMARSOV Russian Former Minister of Trades & Industry; has been working with the Bolsheviki but is now to be said working for the restoration of a German-controlled monarchy in Russia, is associated with Jonas Lied. Statement of Wm. Rosenblatt, 128 Broadway, New York.

687. Tsinanfu TITUS American Companion of Mrs. Miriam Georgiana Mitchell- No. 442. name mentioned for reference. (Tsinanfu).

687a. Lak Jing TODD, P.J. American J.R.Robb, Lak Hing,South China, writing Rev. A.I.Robb, 1416 Eighth St., Greeley, Colo., says Todd is a "rank Hun."

689. U.S. TOBINSON, Gertrude K. American Wife of deceased former governor of one of the Bolshevik provinces in Eastern Siberia, whose career was not short by by the Czechs. Their name was also KRASNOSHO-TOV; see 337, 338, and 339. (Now in U.S.- Chicago, probably).

690. TOBINSON, Mr. American Brother of the above mentioned; came to Japan en route to Siberia while the widow was returning to America. See 337, 338 and 339.

691. Orient TOLIKOPSKY (alias MILLER) German First mate of the schooner fitted cut by Steeneck and his co-conspirators to assist the Indian uprising. (Whereabouts unknown).

692. Harbin TORWELAINEN German Was formerly chancellor of Antwerp (Russian?) Consulate; reported from Tientsin as very dangerous; lived at No.10 Grand Hotel in Harbin; receives as visitors several unknown persons of German types.

693. Singapore TOULOUSE, Count de Lautrec American Alias Nicholas Erasmus Savine and Count de Toulouse Lautrec. See 368 and 582. American Consul at Singapore has been instructed to take up American papers perform no service for him, and advise Consuls in India and Australia.

694. Shanghai TRAUTSCHOLD, W.W. Russian Was formerly Russian Consul-General in Harbin and leader in the boycotting and embarrassment of American Consul Moser during 1915 and 1916 while performing duties. Born in Baltic Provinces; is suspected German agent, and was seen on Bund at Shanghai on Sept. 10th, 1918. (Shanghai).

695. Shanghai — TROUBNIKOFF, Prince — Russian — See CRAMM, No. 122. An associate of DeCramm and Gruenberg. His name originally was SALMANN (No. 573) which he claims was legally changed; was a merchant of some standing in Russia and at one time had an appointment as Commissioner or Attache of some Commercial Ministry, and made a trip to America in the interests of the Russian Government. Is considered a similar character to DeCramm.

696. — TROUBNIKOFF, Georges — Russian — Through the American Consulate at Bankok, Siam, he applied for visa, and instructions were accordingly sent to Shanghai. He then said he was enroute to Peking and would call at the Legation. (Memo: It is not known at present whether this is the same person as 695.)

696a. Yenping-fu — TRUMBLE, C.G. — American — Writing Mamie G. Glassburner, Woodbine, Iowa, does not believe stories of German atrocities, inclines to believe unspeakable crimes committed in France by the French.

696b. Yenping-fu — TRUMBLE, Mrs. C.G. — American — Writing M. indicates sentiments alike to her husband. (Yenpibg-fu).

697. Peking — TSAO JU LIN — Chinese — Is considered a pro-Japanese business man, on the directorate of Japanese-controlled Continental Commercial Co. with Liang Shih Yi.

698. Tokyo — TSUKAMOTO, U. — Japanese — Wrote H. T. Kerr, Vice-President of Western Electric Mfg. Co., soliciting employment for Japanese engineering students Recently returned to Japan from U.S., where he was agent of the Japanese Government. His title is Chief Naval Engine Constructor. (5th Sect. Gijitsu-Honbu, Admiralty, Tokyo).

699. Java, Australia New Zealand, Canada — TURNER, A. Edward — British — Evidently a crook; securing funds from barber by means of worthless drafts on London. Reported by Bishop & Co. of Honolulu in letter to Hongkong & Shanghai Bank, Yokohama. Said to be traveling continually in Canada, New Zealand, Australia, Java, etc.

U

700 UDLIN, A. Russian Writer of rather anti-Bolshevik letter to S. Burachenko, 434 Bond St., Baltimore, Md. (Vladivostock).
Valdivostock

701. ULBRICK, Ernst German Prisoner of war at Kurume, Japan; correspondent of Miss Andrea Proudfoot, 5135 Dorchester Ave., Chicago, Ill.
Kurume

702. ULRICH, H. A. American Intercepted letter from Ulrich transmitted funds for pro-German ends. (Shanghai).
Shanghai

703. UMESHACHANDRA- "Pandit Umesacharba Yidyaratna" Hindu Writer of intercepted letter to H.L.Gupta, c/o Mrs. A.J.Jackson, 23 Clayborne St., Dorchester Center, Mass., dated Jan. 3-1918-letter apparently harmless. Gupter reported connected with Hindu-German conspiracy, and defaulted $15,000 bail. (2 Sarker Bye-Lane, Calcutta, India.)
Calcutta, India

704. USAMI, Isamn Japanese Writer of anti-American letter to T. Usami, Box 15 Del Rey, Cal. (Kumamoto, Japan).
Kumamoto, Japan

705. U.S.MANUFACTURERS' EXPORT CORPORATION- American See BLFECHMAN, 58, 59, and 60.

V

706. VAN CETERT, A. Dutch Associated in business in Manchuria and Siberia with Van Byckevorsel (571) Givotovsky, Pontiloff; and in correspondences with A.O.Corbin, c/o A.B.Leach & Co., Inc., 62 Cedar St., New York. (Grand Hotel, Yokohama).
Manchuria-Siberia-Yokohama

707. VAN HOUTEN, STEFFAN & CO. Dutch Engaged in enemy trading in German aniline products, &c. (Padang, Sumatra).
Padang, Sumatra

708. VARDON, Edward Spoken of as having mediated with the Southern troops occupying Tungchwan, Szechuan.
Tungchwan, Szechuan

709. VEISBEHN, Mrs German Mrs. Veisbehn (Weisbein) conducts a low class dive at Shanghai, which is frequented by Germans. Her daughter, Clarissa, is in the U.S., attending the Four Clarissa-Seasons Schools and is kept by one Carr, of Durham, New Jersey.
Shanghai

710. " "

711. VELOZ, Capt. Albert Chilean Representing Chilean Government in purchasing arms, &c. by Japan. Complains of not having received his pay. (6 Sinshakamachi, Akasaka-Ku, Fukikura, Japan).
Japan

712. Hachinan-Omi, Japan — VORIES, William Merrell (VORIES) ___ Editor of "The Omi Mustard Seed," apparently published at Hachinan, Omi, Japan; and author of rather ambiguous editorials criticizing one of our "Allies." (Haoninan, Omi, Japan).

713. Tientsin-Peking — VILLA, Di; Viscount Mauso Italian Reported to have been born in Belgium of Italian parents; connected with mines at Tatung-fu which it is he swindled a Chinese owner out of and is trying to sell to Japanese interests; had much trouble over his citizenship; held a commission in the Canadian army for 20 days and was kicked out; lived long time in Tientsin and Peking; is violently anti-British; and is regarded as an international crook. Made a speech in Seattle before the Chinese club June 7th, 1918; and was regarded suspiciously while in United States. Claims to be a civil engineer and to have studied in England. Came to Peking Dec.22, 1918.

714. Harbin — VINSCUNOVSKII Polish Jew Lawyer; has close relations with German officers; took part in attempts to destroy the tunnels along Lake Baikal; dark, above medium stature; scant hair; eagle nose; small mole on left cheek; brown eyes; bow legs. Said to be still at Harbin.

715. Tasikmaloja, Java. — VISSCHERS, (H) Dutch Supposed cover address for Dr. J.A.Lettenbaum, German Consul at Batavia. (Tasikmaloja, Java).

716. Batavia, Java — VISSER, T. H. Dutch Addressee of letter from P.F.De Groot, Hotel McAlpin, New York, indicating the sympathy of the Governor-General of Netherlands Indies is with the Germans. Is member of the Council of Justice of Batavia.

717. VISSERING, Carl E. Dutch Prisoner of war at Rando, Tokushima, Japan; nephew of correspondent in Germany, Heinrich Heyn, Hamburg.

718. VOGELBERG, L. (See FOGELBERG) Swedish Companion of HACKZELL; under took to return to Sweden via Russia with Wallenburg's party and finally returned to Japan. Dept. authorized visa for return to Sweden via U.S.

719. Urga, Mongolia — VOLLOSOVICH, N.A. Russian Promoter; in Russian Govt. service under the Czar; writes to Perin & Nicholas, 149 Broadway, New York. (At Urga, Mongolia).

720. Shanghai — VON HIERLING; German See No. 684, THOMAS. (Shanghai).

721. Tientsin — VON HANNEKEN German Leader of German intrigue, war prisoner relief work, and enemy activities in the Far East. Was interned at the conclusion of the war. (Tientsin).

722. VONLAR LARSKY, A. Russian See No. 365.

723. Batavia, Java — VON STOLK-SYTHOFF, Dutch Writes to Mr. Ruger de St. Advant, Balmira, Mendoza, Argentine, about one Mlle. Nruman. (Hotel des Indes, Batavia, Java).

724. VON LUETT, Adolf — German — Alias Garcia; paymaster for Germans in activities in Lower California.

725. VORIES, William Merrell _ _ _ — See No. 712.

726. VORMSBERG, — Russian — Functionary of the Chinese Eastern Railway at Harbin; openly subscribed for the German fleet in 1914.

727. VOROVSKY — Russian — Bolshevil minister or representative in Scandinavia; supposed to be honest and sincere in his views. Scandinavia.

728. VON TEE, Klaus — German — War prisoner at Nanking; writing brother in Germany says, "I hope you survive this war, for there will be lots to tell afterwards." (Nanking). Nanking

W

729. WADE, A. J. — American? Endeavoring to prevent the entry of Chinese students into the U.S. Army. (Shangang Kutien, Fukien). Shangang, Fukien

730. WAGNER — German — Prisoner of war at Ahmeduaga, India, brother of F. Wagner, Cable J. 256 Vedado, Havana, Cuba, who unsuccessfully tried to send him $200 with the assistance of the Bureau of Enemy Trade. Ahmeduaga, India

731. WAGNER, M. A. — German — Partner of Hackmack in the German firm of Sietas, Plambeck & Co., at Tsinanfu whose export trade in carpets was carried on in compradore's name. The firm seems to have had no trade but the offices were still kept open. (Tsinanfu). Tsinanfu.

731a. WAGNER, Miss — German — Hunter Corbett, Chefoo, writing Mrs. Fanny C. Hays, Okarche, Okla., R.F.D.4, Aug 3, 1918, says Miss Wagner is a German and is now at Ichoufu (Ichowfu?). Ichowfu

732. WALKER, J. E., Rev. — American — Pacifist missionary at Shaown-fu. Shaown-fu

732a. WALKER, Rev. J. E. — American — Writing Rev. Dwight Goddard, Ann Arbor, Michigan, attributes the war to iniquity and ungodliness of the warring nations; Miss Paxeson, Foochow agrees with him; and believes France will fail because of the low birth rate, and England because of the prevalence of drinking.

733. WALLENBERG, — Swedish — Former Swedish Minister to Japan, who was recalled for abuse of diplomatic privileges; attempted to go to Sweden via Siberia but could not, and returned to Japan, sailing for home via the U.S. (Tokyo-Sweden). Japan

734. WEAKS, C. E. American Sales agent for some books apparently written by Elder N. Z. Town, Takoma Park Station, Washington, D. C. The Nature or title of the books is not at hand. (Shanghai).
Shanghai

735. WEDEKIND, Walter von American Wedekind is a naturalized American of Swiss parents, educated in Germany. While working for the British-American Tobacco Company, he wrote another employee at the request of the German Consul at Mukden, tendering Mex. $100 per month for reports on Russian troops, peculiarities of officers, &c. For this Wedekind was obliged to resign. He has had a checkered career; and is pro-German. He and Ritter were mixed up in the Peking Evening Journal.
China, Manchuria

736. WEHDE German One of Henry Steeneck's associates, fellow bomb-plotter and assistant for work in getting the Hindus to rebel against Great Britain. (Manila?)
Orient-Manila

737. WEINBERG, Gr. Russian Joint addressee with H. Posner Engineering Co., of suppressed cablegram from New York signed Posner. Sender is pro-German and suspicious. (Petrograd, Russia).
Petrograd, Russia

738. WEISBEIN, Mrs. German See No. 709.

739. WELLERSZEIN, E. German War prisoner at Nanking; writes to woman in Germany.
Nanking

740. WER DAN, Gen. Chinese Revolutionist; collected $5000 in Hawaii for Chinese revolution.
China

741. WHEELER, Olga British? Presumably the mistress of Anthony A. Knapp; born at Gibraltar.

742. WRIGHT, J.M. American J. R. Robb, of Lak Hing, South China, writing Rev. A. I. Robb, 1416 Eight St., Greeley, Colo., says Wright is a silent German sympathizer.
Lak Hing, South China

743. WICKSON, M. H. American In letter from Wickson to Rev. E. P. Burtt, of West River, South China he regrets we spend billions of money for war instead of missions; and objects to methods used to raise money for the Red Cross. (Los Angeles).
Los Angeles, Cal.

744. WIDLER, Elly Swiss Proprietor of the fur business of E. Widler & Co., of Chungking. Sells German goods obtained in Switzerland and buys goatskins for shipment to Germany via Java and Holland; identified with Dr. Assmy and the China-Java Export Co. Upon one occasion he induced an officer of the U.S.S. "Palos" to accompany him in full uniform to Shunching, and by the presence of this officer collected an extortion levy from natives there. It is believed the officer knew nothing of Wilder's motives nor what he told the persons from whom he collected the levy.
Chungking

745. Batavia, Java — WIJK, Van der — Dutch — Supposed cover address for Dr. J. A. Lettenbaur, German Consul at Batavia.

746. Denmark — WILKINS — Dane — Employee on Danish ship; smuggled goods for E. Holstein, Copenhagen; sailed from Denmark to U.S.A..

747. Petrograd, Vladivostock, Shanghai — WILLIAMS, Albert Rhys — American — Came to Petrograd as a magazine correspondent shortly after the revolution of March, 1917. Immediately showed strong sccialistic tendencies and finally came out flat on the side of the Bolsheviks speaking at one of their most important meetings from the same platform with Tom (John?) Reed. Later, after the Bolsheviks had taken control of the government, he interested himself in the formation of an English-speaking division of the Bolshevik Red Guard, placarding both Petrograd and Moscow with posters calling on foreigners to enlist. Was last seen in Vladivostock, where he was in company with a certain Prof. Kuntz, who was coming to the United States as an emissary of the Bolsheviks. Was in Vladivostock June 27, 1918, trying to return to the United States; talked about and against the Government. Believed he since went to Shanghai.

748. m Tsingtau — WIRTZ, Dr. — German — John Ostrow, proprietor of the Dietz hotel, Fredericksburg, Texas, writing Dr. W. Staub, Apartado Postal, 238, Tampico, Mexico says he is well acquainted with Dr. Wirtz; that while Ostrow was in Tsingtau, Dr. Wirtz was often his guest, and Wirtz was well protected by the Chinese, but as the Japanese landed not far from Lustin, Wirtz may have been taken prisoner and in that case is in Germany. Ostrow also advises Dr. W. Staub to communicate with Ford Oerstel, Tsingtau, Kiaoutschau, who knows Wirtz well, and from whom Ostrow says Staub can find out about Dr. Wirtz.

749. Hwai-An-Fu — WOODS, Dr. Henry W. — American — Missionary at Hwai-An-Fu, charged with being anti-war, and of expressing pro-German sentiments. After much correspondence and investigation, charges finally dropped.

750. — WYSZEWIANSKI O, Frau Rachell — Russian — Reported suspicious couple from Russia, plentifully supplied with money, and associated with doubtful characters. (Jacobs Alle 16-I, Fredericksberg, Denmark).

Y

751. YAMADA, Koji — Japanese — Crack billiard player under contract to Brunswick-Balke-Collender Co., of Chicago. Said to have been educated in Germany. Supposed to be identical with one Youmado, reported to have attended a secret German dinner in New York on Dec. 25, 1917, and to have stated thereat that Japan was negotiating with Germany in regard to Japan seizing a slice of Siberia. Nothing tangible or definite against Yamada. (Calvert Apts., 639 Bush St., San Francisco, Cal.)
San Francisco, Cal.

752. YAND, LEE TAI — Chinese — Addressee of letter telling how Chinese go to Cuba and Canada to escape military duty. (c/o Nan Fook Han, 259 Des Veaux Road, Hongkong, China).
Hongkong

753. YASUDA, Minoru — Japanese — At his house was held a reunion of Germans and Japanese who had been in Germany. (Saragaku-cho, Kanda, Tokyo).
Tokyo

753a. YINDSCHUNGAN, K. L. — German — Writing thru an intermediary, Klaus Greeve, to his mother, Mrs. Anna Fittscheu, Hamburg, Germany, July 7, 1918.
Hailung, Heilungkiang

754. YOSHIZAWA, — Japanese — Addressee of suppressed cablegram from "Jarasse," Santiago, Chile. (Tokyo).
Tokyo

Z

755. ZARIS, M. — Russian — Probably Lithuanian Bolshevik; addresse of letter from "K.D." 1015 Carlton St., Philadelphia, May 7, 1918, containing Bolshevik sentiments. (Bolshayo Miranovskaya, Moscow, Russia).

755a. ZAHN, F. — German — German Missionary at Taiping-Fumun.

756. ZIMMERMAN, Mrs. — Russian — Correspondent of S. Blum, 172 Varick St., Brooklyn, N.Y. writer of letter indicating he is in sympathy with the Bolsheviki. (Gambalovski St., Herson, Russia).
Herson, Russia

757. ZCLA, Leon — Russian — See JCLTNCWSKY, L.

758. ZYBINE, — Russian — Spanish Consul at Moscow; engaged in remitting funds to Germany via Sweden.
Moscow, Russia

759. ZCLLNER, Capt. R.G. — German — Former Assistant Marine Superintendent of the North German Lloyd; one of the most active agents; his house in Shanghai is a rendezvous for Germans engaged in various activities.
Shanghai

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...Y INTELLIGENCE OFFICER

ECONOMIC SECTION FILE
FILES 42
OFFICE CHIEF OF STAFF
APR 15 1766-1021
WAR DEPARTMENT

42

UNITED STATES POSTAL CENSORSHIP
San Francisco, California.

August 28, 1918.

From: Captain Samuel O. Wynne, U.S.A., Military Intelligence Branch.

To: The chief, Military Intelligence Branch, Washington.

Subject: Summary of the Situation in China.

Japan
China
Japan

1. I am transmitting herewith copy of a Summary of the Situation in China derived from letters intercepted in the Seattle and San Francisco Censorship Offices. This summary was prepared by Mr. Batchelor of the Seattle Office and may prove of interest to your office.

Samuel O. Wynne,
Captain, U.S. Army,
Military Intelligence Branch.

Enc. OK-.C.H.
SOW:NC

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APR 15 1943
OFFICE CHIEF OF STAFF
WAR DEPARTMENT
NOTED: M.I.D.

SUMMARY OF THE SITUATION IN CHINA

DERIVED FROM LETTERS INTERCEPTED IN THE

SEATTLE AND SAN FRANCISCO

CENSORSHIPS

GERMAN ACTIVITIES.

German propaganda, in China, seems to have been carried on with the same energy as in other countries, but with better success. Letters from all parts of China are to the same effect; for instance, Letter No. 5216 states: "China is almost to a man pro-German, that is that part of the population which knows there is a war going on in Europe.

Oriental peoples are well known to be greatly influenced by appearances, and change of policy in regard to the proposed internment of the Germans has apparently convinced many Chinese that there were excellent foundations for the claims made by the Germans, that the Kaiser is even now victorious, and that the Allies, in the end, will have to obey orders from Berlin. The following quotation, from a letter written by a Chinese, No. 680, is typical of the reports which are being spread by the Germans: "Now Germany is excercising her great power and mighty for victory. Since the beginning of the War, Germany has not lost even an inch of territory. Today, she is very active; she is in a sound financial condition; she has abundance of food and has immense ammunition and fighting materials. During the last five years of the war, Germany has lost two million people and has had more than 700,000 wounded. About 500,000 wounded became useless. There have also been about 300,000 who lost their legs or arms. The above men-tioned tioned are facts. France has had a great damage. She lost about half of her territory, and about one half of her population. Russia became so weak she has made peace with Germany. In speculation upon such conditions, as stated above, Siberia and the northern part of Asia, will undoubtedly be taken by Germany. At the present time, Japan realizing what the condition is going to come to, has sent 500,000 soldiers to Siberia to co-operate with the Chinese troops there."

The Chinese are said to be pro-German because they are so strongly anti-Japanese. Chinese scholars are being employed by the Germans to go frompplace to place to influence the people, and printed propaganda, in Chinese, is being distributed to the more intelligent classes. It is suspected that this propaganda has been prepared by the German missionaries.

There seems to be but little question that the German Missionaries are fully as much interested in anti-Ally propaganda, as in purely religious activities. Letter no. 910 states: "Mr. Breton, in Junan, is accused of getting pro-German literature into the schools and getting pupils from the English schools into his schools to instill German principles into them."

The German hospitals are a most efficient method of getting hold of the people, especially in districts where the war is going on.

The Germans have taken considerable pains to prevent the Chinese from giving to the Red Cross.

It is said that the Chinese have been bribed, in many places, by the Germans, to attack British and American residents, and to favor the Germans. This is well shown by a typical letter No. 5483: "I just wonder what the world is coming to - And do you know it is about proven that the Germans are back of this anti-foreign feeling among the Chinese? At a town near Liling, all the foreigners were threatened except the Germans, and they were carefully guarded and flatteringly served.This is true everywhere the trouble goes, and now it is officially declared that the Germans have bought the Northern Government out. The Chinese would sell their souls for money any time. It is common property that the Northerners received $20,000.00 for the destruction of Liling and ours and the Japanese property. Japan is ready to take things in charge at last. I believe the quicker she moves the better - China is rotten to the core officially, - nothing but graft and "squeeze' ".

As is natural, the German propaganda has probably been most successful among the children and young men. The situation is well shown in letter No. 5151: "Dr. Clark, from Indiana, came to my Outlook Class to visit the class. During the discussion that was going on, Dr. Clark turned to me and said, 'It sounds as if some of the boys were pro-German'. I told him that I thought every boy in the class was pro-German, so I turned to the class and said, 'Every boy that wants Germany to win in this war, put up his hand'. As quick as a flash up went every single hand in the class. Then Dr. Clark began asking various ones in the class why they wanted Germany to win. Some of them wanted Germany to win in order to punish England for the opium war, and for taking Wei Hai Wei and Hong Kong from China. But most of them wanted Germany to win because they were sure that after the war, if Germany won, she would come over and 'lick the tar' out of Japan. They say of the two evils, they would much rather be under Germany than under Japan."

The Methodist College at Kiukiang, is a center of pro-German activity and its influence extends throughout the Methodist schools of the Province of Kiangso. The former principal, Dr. Kupfer, implanted German ideas in the minds and conduct of the Chinese teachers, graduates and students, in many places throughout the Province. It is stated, in letter No. 855, that the German influences, among the Chinese teachers, has tended to make them brutal. The present principal, Mr. Schaefer, told the investigating committee in Pekin, that he was loyal to the United States, and believed in the principles for which they were fighting. He further made a speech to the same effect to the entire student body.

The whole missionary situation is very complicated, as

genuinely Christian religious sentiments, pacificism and pro-German propaganda shade into each other in such a way as to make it very difficult to distinguish them. It is hard to say in which class to put the attached quotation from letter No. 857;"I cannot be a missionary in China and let hate get into the hearts to the extent of spitting in the faces of the Germans that we see every day. It is the bally British that are so full of poisonous hate in these parts. The Americans are holding out for a better heart". Taken at its face value, it looks like pro-German sentiment, but taken in connection with the following quotation from the same letter, it may be genuine Christian spirit. "We are having a hot time in the papers. Some of those who have lost their balance by the war are advocating reprisals on the local Huns. To me it is the showing of the yellow streak to do so. The Germans are in China and there is no place for them to go but the places where they are and there they are under close watch. Still some of the renegrades are able to carry on some devilish work, but the rank and file are harmless. There was a fine chance to show that they have manly feelings in their hearts. A house was the victim of a land slice in Kuling. Some Germans were on the site, and were as hard working as anyone in getting out the body of Miss Walker of this Mission, an English lady. There is no possibility in this world of exterminating the whole German nation, so why be so filled with an unreasonable hate! There is a great law of love toward the enemy which is potent today. I am glad to see the brothers marching off to defeat the German Army and I wish I was in the gang."

(Careful scrutiny of letters of this class will be made by this Censorship in order to get the real facts in the difference cases.)

The system of organization of the Germans, is most efficient. Money is no object, and nothing is omitted. They play alike upon anti-Japanese feeling and upon religious prejudices. The following quotation from letter No. 1100, shows what is going on: "The delay in the internment or deportation of Germans in China gives them continued opportunity for their own particular propaganda. Their activities assume various forms, but the most recent in the agitation which they have started in Sinkiang, better known as Chinese Turkestan. With characteristic cunning, they have played upon the religious sentiments and prejudices of the Mohammedan population in this remote province of China. Instead of preaching the gospel of German domination, they are appealing to the religious sentiment of the Turkish population to induce them to use their energies against the Allies. They are advocating an independent Turkstan under the protection of Constantinople, whereby they will enjoy the full liberty of self-government and the religious liberty which only Constantinople can give. An attempt is being made to create a sense of religious obligation to Turkey as the fountain head of their religion. The campaign is being strongly carried on by Germans who have come from North China, and who are said to possess very large sums of money which were hidden away before China's entry into the war. These men are associated with a number of Turks who have made their way to that part of the world for the sole purpose of stirring up opposition

to the Chinese Government; also a number of German prisoners who have escaped from Russia, in the general upheaval, and whose entry into Chinese Turkestan was scarcely noticed at that time, or the possible harm which might be done by them given any thought. It is understood that most determined efforts are being made, by these emmissaries, and that the propagandists are being reinforced by Germans who are escaping from North China."

One of the results of this German propaganda is to bring to life, in China, the "Boxer" spirit, which resulted in the siege of the Legations in Peking. From every part of China come reports of anti-foreign feeling. Most of the Chinese are very bitter towards Japan, and are hostile to the Allies because they are on the side of Japan. Some of them resent the taking by the British of Hong Kong, Kowloon and Wei Hai Wei.

Attacks upon missionaries, teachers and other foreigners are numerous. The Northern troops, the Southern troops, and the robbers alike do not hesitate to take foreigners prisoners, to loot their property and to burn their houses. Passenger steamers have been fired upon, and there are rumors that foreigners have been killed. A petty officer on the United States Monocacy was killed by persons who fired at the vessel, and a British gun boat was also fired upon by the Chinese, but the Captain "wisely kept his men from returning the fire, and so saved the day by his courtesy."

The opinion, in some localities, is well summed up in letter No. 943: "I would positively not be surprised to see some very serious anti-foreign troubles in this country before snow flies, and in that case we can damn well thank the snivelling diplomacy that cannot and will not understand the Oriental way of thinking, and always waits until it is too late, before arousing itself to the seriousness of the situation. Men who were here in 1900, when the Boxers were on the rampage -- men like Putnam Weale, Donald of the Far Eastern Review, Roy Anderson, etc., are most pessimistic, and all say that never in eighteen years, have they seen such an anti-foreign spirit abreast in the land, and that they will not be surprised at anything that happens. Our own diplomatic corps here means very well, but is, from the Minister down to the office boy, unfamiliar with China. None of them, with the exception of the naval attache, speaks the language, and because Captain Gillis can find out things and does give them warnings, they call him crazy. So there is nothing to be done but sit tight, and be ashamed of the pitiful attempt at playing Eastern diplomacy that we have to witness. I trust that sooner or later our people at home will awaken to the fact that China is one of the richest countries on earth, and that we can make a big thing out of our China trade, if it is handled right, and that we have got to send out better men than we have been sending out here to get into touch with the game, learn the language, and make friends out of these people, who are, after you learn to know them, the best natured and most kindly

method of living, and one of them writes: "Lately we were again greatly worried. We were facing deportation to Australia. All were prepared, even women and children were to go. Thank God, there came at the last moment, a dispatch from home that energetic retaliatory measures would be taken if a hair of our heads was touched". (885)

Apparently it was planned to deport 7000 Germans, men, women, and children to Australia, on the 15th of June 1918. Three steamers, with servants, were ready, but at the eleventh hour the President refused his signature; it is said, as a result of an appeal made to Berlin, by the Dutch Minister. The German Government is said to have take prompt action, and to have scared the Chinese Government by threats of vengeance when the war was over. The Belgian and French Legations also urged the cancellation of the arrangements, in view of the threats made by the German Government of reprisals upon the French and Belgians in their power. The British Ambassador was naturally very much disturbed because the plan was abandoned.

The manner in which the whole affair was carried out is considered most unfortunate, and foreign residents in China write very strongly on the subject. The following quotation from letter (943) is typical; "To cap the climax, the news came out yesterday that the London and Paris Governments had decided that they could not depart the Germans from China, due to the fact that the bloody Kaiser had threatened reprisals on the Allied prisoners in Germany. This is the most 'lose-faced' thing that has happened to us in the Orient since the war started, as there are only a couple of odd thousand, at the most, of the swine in China, and now all the natives are laughing and saying that we must be getting licked over in Europe, else we would tell the Kaiser to go to hell, and send his damn swine to Botany Bay, where we had planned to, and for which purpose there were three transports alongside the bund in Shanghai. I tell you there is some tall cussing on in the East today, over that bull. You see the Chinese have always been pro-German, due to a number of causes, the most important of which is the German propaganda that has been carried on ever since the war broke out, and is still going on. The Germans are even now meddling in Chinese politics, and are openly carrying on their usual lines of trade here, and this last thing is going to raise hell with allied prestige, unless we take some drastic measure to counteract it at once."

THE CIVIL WAR BETWEEN THE NORTH AND SOUTH

Various reasons are assigned for the existing state of Civil War. Some people write that the Southern Provinces revolted about a year ago because the Premier dissolved Parliament and assumed the Government himself. This was resented by the Cantonese, who are deter-

mined to have a Constitutional Republic and not a de facto Military Monarchy. Men all over China are said to fear that Pekin is so strongly influenced by Japan that the Capital should be moved to Hankow, which is nearer the center of population. There is a general agreement that the attitude of the South is largely governed by the students who have been educated in America and have been fired with Republic ideals. A very large proportion of the American educated students are from the South, and relatively few from the vicinity of Pekin.

The South is also said to resent bitterly the way in which Pekin is yielding to Japanese influence. It is said that Japan is as bad as Germany, as they have the same ideals. They feel that the loans and concessions from Japan, are what keeps up the war.

Some of the correspondents think that the South is being slowly defeated in the struggle on account of the assistance in money and munitions which is being furnished by the Japanese whose interest it is to aid the Peking Government, which is entirely under their influence, to regain authority over the whole of China.

Letter (959) states that Sun Yat Sen has been discredited by his own party and is now in Japan. Wu-Ting Fang is still with the Southern party, which is said to have sold a war vessel to Japan to get ready cash as their resources are almost exhausted.

Hardly any part of China seems to be free from disorder. Stories of fights between the Northers and Southern troops, or between troops and bandits, come from every quarter.

In Kalgan, on the border of Mongolia, brigands plunder, loot and burn in gangs of thousands. They fire on missionaries, rob their houses and even strip off their clothes. The Government's soldiers, sent to pursue brigands, avoid them, as it might be dangerous to the former should they meet. They prefer to sell cartridges to the brigands secretly, and to make requisitions on the people and extort money. They sometimes fight with the robbers in order to "save their faces", but it is previously arranged that both parties shall fire in the air.

Letter (975) states that the Chinese Government finds the best way to get rid of the brigands is to enroll them as regular soldiers and promise them regular pay, but as this is not forth-coming, the brigands drift back to their old occupation.

THE PROVINCE OF HUNAN

The Province of Hunan seems to be a center of disorder. It

was the last Province to open its doors to foreigners, md the people are proud, disirous of personal freedom, and of having their own way. The Premier is especially anxious to conquer Hunan in order to break the resistance of the South, and so is maintaining there a large number of troops. The Northern troops do not stand the climate well, and said to be cowards, and do not want to fight the rebels, who seem to be much more energetic and warlike. The Northern generals regarded the Province as a hostile country, and Changsha as practically an enemy city. The citizens of Liling acted in an unneutral fashion and when the Northerners took possession, the city was absolutely cleaned out like Louvain. When the Northerners burned the city, they looted everything, including American property. They burned two American buildings, and even the furniture was destroyed. One of the missionaries, Mr. Lehman, was shot in the leg. The missionaries had to buy from the Northern generals, permission to run a special train to Changsha to carry them and their refugees.

Letter No. 894. "Conflicts are constantly occurring between the hostile troops; many are killed and wounded; whole towns have been wiped off the map. The armies of the South seem to be making headway against the Northerners, and there seems to be no hope yet of a settlement of affairs."

Letter No. 6953 states:"There has been so much anti-foreign feeling among the soldiers that our foreign compounds are no longer safe shelters for our Chinese friends. The country is literally overrun with robbers. In some of our churches the soldiers are using the furniture for fuel; in others they are living and using the property as their barracks. We look in vain for peace. It may interest you to know that evidently Germany is at the bottom of all this unrest and turmoil in China. By this method China is effectually prevented from planning and giving assistance in the European War".

Fighting is especially severe at Ichang at the gorges of the Yang tse Kiang in the Province of Hupeh.

The City of Sian Fu in Shensi is blockaded and besieged.

Thousands of robbers are in the vicinity of Waichow near Foochow. The country is full of bandits and the sea full of pirates who attack boats.

Even in Hunan there is fighting between the Northern and Southern Generals.

The Governor of Swatow, in Canton Province, endeavored to remain lowal to Peking, but the city was captured by the Southerners.

In no quarter, do the authorities either of the North or of the South, seem able to maintain order. Pirates and brigands carry on their occupations apparently without efficient control, and the whole country is rapidly becoming devastated. Industry and commerce are practically at a standstill, and even agriculture is suffering from the requisitions of the troops of both sides and the exactions of the brigands.

(Many careful students of the Chinese situation feel that the Rebellion against the Manchu monarchy was more economic in its origin than a real rebellion or an anti-Manchu movement. It is said that the condition of the lower classes throughout China has been steadily growing worse owing to mis-government, the peculations of the officials and the general inefficiency and incapacity of those at the head of affairs. Revolt is the regular Chinese method of protesting against mis-government. The Taiping Rebellion is said, by some, to have been mostly due to the suffering of the lower classes, and the leaders of the Boxer movement are said to have won support by promising improved conditions.)

The condition of the lower classes throughout China is rapidly becoming unendurable, and no one seems to offer any remedy except foreign control of the Government of China. All of the correspondents write in the same gloomy vein. No one has even any hope that the Peking authorities will be able to restore order, and there is but little more confidence in the ability of the Southern leaders, although there are not so many accusations against them of bribery and corruption.)

JAPANESE ACTIVITIES.

The correspondence is full of comments on Japanese activities in China, particularly in regard to the recent treaty between China and Japan, and the consequent successful attempts of the Japanese to obtain possession of the railroads and mineral resources. Much protest is made against the pledging, as security for loans, of the sources of revenue of the Chinese Government such as the telegraphs, the wine and tobacco monopoly and the salt revenue. It is said that the Minister of Commerce has given timber concessions for many thousands of acres in the region of the Eastern Tombs to the Japanese Government, and that the Minister of Finance is planning to pledge the land tax as security for a loan of one hundred million dollars. The latest plan is said to be to give the iron mine concessions in Nanking and Hankow to the Japanese, as well as the copper mines of Yunnan, and the Hunan lead and zinc mines.

It is said that the Government is pledging everything to raise money to support the military operations against the South, but that a large part of the money has to be given to the Tuchuns, or military Governors.

The complaints, in the correspondence, come mostly from foreigners who say that the Chinese officials are bribed to make these concessions, but that the masses of the people resent these transactions bitterly.

Letter No. 4279, states that the Japanese have advisers in nearly all the ministries, and that their cry is "The Orient for Orientals." The Far East is to be united under Japanese leadership. The business of other people will be interfered with as soon as the Japanese are in control. The authorities have suppressed papers which attacked the Japanese last Fall. "I can't see why our people at home, from the State Department down to nearly every magazine and newspaper, swallow the salve that is handed out by the Japanese press bureaus and propaganda workers in America. It is sickening to all of the rest of us in the East, who realize what is going on, and who put no trust or confidence in the soft soap stuff which the State Department and Barton Hepburn and the rest of the people at home are gulping whole. So some day, but too late, will they realize it, but they will not take warning from people who know."

Letter No. 6457, "An American business man of (Siems-Cary Co.,) was called up on the telephone by the Japanese financial adviser, the other day, and bawled out for having tried to arrange a small loan without the consent of Japan - Japan herself has just made a particular loan for 20,000,000 yen, which stipulates that it must be returned in five months, when Japan will sieze more concessions as punishment. Recently a party of Chinese editors was sent to Japan, and it is said that they each received a gift of $10,000.00. Whether that is true or not, no Chinese paper has come out strongly against the recent Japanese demand."

Letter No. 6581 states: "The Japanese Consul in Kinkiang was reported to have written to the Ralison School asking them to teach Japanese in their schools".

Letter No. 1069, sums up the situation in the words: "The Japanese, in an astounding manner tread on the Chinese, small of stature, but malignant".

The present situation in China is said to be due chiefly to the recognition of the United States of Japan's "special interests" in China, which resulted in the recent demands made upon China by Japan.

A Shanghai paper states that these agreements will seal the future of China and bind her to Japan as a vassal state in reality, if not in name. Unless the Allies take definite steps, the Japanese will have a strangle hold on China inside of another year. "This country is rotten to the core and has no more reason to be a nation than the head hunters of Borneo". Letter No. 998.

One of the best summaries of opinion, on the subject, is letter No. 5216: "I have about given up hope of China ever doing anything for herself. Every Chamber of Commerde, every returned student, very foreigner, all the students, etc., have protested vigorously, and sent in petitions to the Government against the consummation of the pact with Japan, but to no avail. It has been signed, and gives to Japan, every right, privilege and authority she wants. It is another 'Sell' of China by her own officials. The text of the agreement is being kept secret at Japan's orders, but clauses are gradually leaking out, and it is as bad as it was painted. The Chinese say that it is only for the duration of the war, but once she has given up her rights she will never be able to get them back from the Japs. There was no reason whatever for the agreement being made, for there was no real danger last winter, when it was first talked of, and even less danger now, of any attack coming from either Germans or Russians in Siberia and Manchuria against China, and which was the reason published why Japan and China had to unite in this 'Mutual defense agreement'. The reason was used as a bugaboo and 'face', so that the Chinese officials could sign it. Now Japan more than ever before, exerts more control in China."

Letter No. 1131 however, takes a different point of view, and states the only way to save China from disruption is for the Japanese to establish a strong Government.

STUDENT FEELING

(There are many signs that genuine public opinion is beginning to be formed in China, and this is one of the hopeful signs, because such public opinion is one of the prime essentials for a Democratic form of Government. The greatest trouble with China has been its excessive individualism. Each man acted solely for his own interests, and his opinions were very largely influenced by them, with very little consideration of their national wellfare. As might be expected, this public opinion is mostly developed among the more intelligent classes and especially among the students.)

Letters from all over the country, both North and South, bring the same information. For instance, letter No. 823 from Swatow, is as follows: "The students all over the country are irritated because Japan has made twenty more demands, which are worse than

the former twenty-one. They claim that Japanese are to command the army; teach Japanese in military schools; have charge of the arsenals and principal forts; use maps of China; build forts in such places as they desire in China; manage the railroads; arrange the transportation of troops; exploit all the mines except those already ceded to other governments; and establish Japanese Civil Government in Shantung, Mongolia and Manchuria. The feeling of the Chinese is so strong that the students have left Tokyo University, and are traveling over China, making addresses and stirring up the people".

Letter No. 6206, from Pekin, tells the same story: "Hundreds of students studying in Japan, have recently come home to voice their protest, and yesterday morning 3000 students in the Government College in Pekin, went en masse to the President's house and protested to him in person. Though there can be no definite result from such action, the incident appealed to me as a revelation of the true patriotic impulse that has come over the students of modern China".

OPIUM.

From many places come reports of the revival of the opium cultivation. The statement is made freely that the officials, in some of the Provinces, are permitting opium growing again under the pretense that the Government will not give them any money with which to pay their expenses, and opium is there best chance to get revenue. Opium is grown throughout Northern Shansi, and the whole territory West of the Yellow River. Letter No. 667 states: "This bids fair to involve China in international complications, for she is under treaty obligations with England to forbid growing opium."

It is also reported that Japanese are selling morphine very freely to the Chinese and there is strong feeling against both British and Americans because they are furnishing morphine to the Japanese for this purpose. The users die on all sides, and hundreds freeze to death on a winter night. Letter 1069.

POLICY OF THE UNITED STATES.

Letter after letter voices strong protest against the policy of the American Government not to interfere directly or indirectly in Chinese affairs. Both those who are principally interested in American business in China, and those who are mainly interested in the welfare of the country, unite in taking this view. It is felt that the United States "holds the issues in her hands and also of the Eastern question. If Japan continues her aggressive policy and her militarism, the States can simply point to Europe and demand that military despotism must cease in the East, even as it has to cease in Europe, and

refuse to allow the principles which have wrought such havoc in the Occident to develop and menace the world's peace in the Orient, and Japan will have to back down, which she will do with exceedingly bad grace". (Letter No. 6757)

The Chinese are said to resent the Lansing-Ishii agreement, because the Americans and Europeans did not consult the Chinese. The students especially doubt the sincerity of President Wilson's professions. (Letter 6765)

Most of the Americans have conducted themselves with credit. Excepting certain missionaries of German extraction, "there is only one missionary in the East who, in this respect, has proved a disgrace to us, i.e., Gilbert Reid, D.D. of New York State. Never being able to work with his mission, he finally cut loose and established what he called, a 'mission of the higher classes', which was mostly 'tommy rot'. Nevertheless, a number of business men in Shanghai, mostly Britishers, for reasons of their own, supported him and he took in some people in America. When the war broke out, some strange infatuation led him to vigorously support the German side, and with the result that he lost his support. He then went to Pekin and edited a pro-German paper full of ego, and made himself so obnoxious that, after America joined in, the Americans and British protested to the Chinese Government. The latter replied by demanding his withdrawal from China. The American Minister then deported him to Manila, where he has since been caught in the act of distributing pro-German literature--- deprived of his U.S. Citizenship and heavily fined." Letter No. 6372. (In Pekin, Reid admitted to the War Trade Board Censorship Representative, that he had a liberal contract with the Government of Yuen Shi Kai, to carry on propaganda in its interest. When the new Government refused to continue the contract, he endeavored to make a living in various ways without success and became practically penniless. His conduct was probably due to the pressure of necessity, and the Germans, as usual, were ready to make use of him).

There seems to be, in many places, considerable friendliness towards the Americans, especially in the South. This is probably due to the influence of the students who have been educated in America.

A quotation from Letter No. 5545, in regard to the American Red Cross Drive in Canton is interesting. "I brought home a little membership book (membership at $1.50 H.K.) and gave it out to one of my wiremen. The book holds 50 memberships. Gave it out at half past three, and by six o'clock the men were asking for two more. The men got from $10.00 to $30.00 per month.

That just shows how the Americans stand with the Chinese. If

they don't commercialize their opportunities, they are the worst fools on the top of the earth. If that fool Government passes any more laws to keep Chinese off our ships and keep Chinese products out of America, they ought to be shot.

Think I'll come home and run for Congress. There should be someone there who knows the Eastern situation. You see my political views have changed since I came out here.

THE SITUATION IN PEKIN.

All letters paint the situation in Pekin in the darkest of colors. The sentiments voiced in the following letters seem to meet with general approval.

Letter No. 938 states: "Unfortunately, however, General Tuan Chi-jua, instead of depending for his support upon enlightened public opinion, as voiced by the commercial and industrial classes, who want peace and order and a strong hand at the helm, has delivered himself over, body and soul, to the most corrupt and unscrupulous gang of military adventurers with which this country has ever had to deal. Things have been done, and are being done in his name, and ostensibly in his interests, which ought to make him blush for shame. The selling up of the country's immense resources, the revival, under the official suspices, of the opium traffic, the murder of inconvenient political opponents without even the semblance of a trial - - these are but a few of the more outrageous acts of which his supporters have been guilty. They are enriching themselves and impoverishing the country, they are augmenting their personal power and influence, and bringing their country into contempt throughout the civilized world. The civil war which causes such intense suffering to the civilized world is being carried on, not to settle any great question of principle, but to enrich the Northern generals. Of fighting in the serious sense, there is none; of looting, rape and incendiarism, heart-breaking tales. The 'capture' of Yochow by the Northerners may be regarded as typical of the'battles' for the suppression of the South. The large financial reward that was offered by Pekin for the re-taking of the City was devoted wholly or substantially to bribing the Southerners to evacuate the City. The Northern troops recouped themselves for this outlay by pillaging the inhabitants.

The salvation of the country, however, cannot be considered at the moment to depend upon the victory of the Southern troops over the North, or the North over the South. Both parties include among the leaders a very large proportion of unscrupulous scoundrels. Both of them have pushed their abler and more scrupulous leaders into the background. It is not in the triumph of the North or the South as represented by their present leaders that one can discern any hope of

permanent improvement in the Chinese situation, but rather in the union of the more enlightened and more honest men on each side, under pledges to work for the Salvation of their country. If the present system of misrule by greedy Tunchuns in the North and South is to be overthrown, the task must be undertaken by the civilians, by the commercial and industrial interests of China, by the men who have the most interest in permanent peace and who can appreciate most fully the folly of waste, the suffering involved in prostrated civil war. The commercial bodies throughout China ought to league themselves together, and denounce and repudiate the system of selling off China's immense latent resources to fill the pockets of greedy military adventurers. They ought to insist that neither the next President nor the next Premier be a military man, but that the administration shall come under civilian control".

The approach of the Presidential election naturally leads to intrigues of all kinds.

"Those who belong to the communication party are trying to put Joseisho on the presidential chair and Dan on the vice-presidential chair, enabling by so doing to give Leung Se Yi, the actual power of the Secretary of the Interior.

According to the opinion of people on the streets, this proposition of the communication party can be carried out, if Dan is empowered to have the offices of Secretary of war and of the Vice President. On the other hand as each party is trying to retain the power in their own hand, for instance, the attempt of Fung's party to have Fung Kowk Chang, in his present office, and also the campaign of the Dan party to make Dan Kisui the President; it is worth while to pay careful attention thereto. But by any means it still takes a long time to see the realization of a real democratic republic of China, since all parties are going to practice autocratic and militaristic politics under the camouflage of Republic". (Japanese letter from Pekin No. 1066).

No. 993. "Liang Shi Yi, Chow Tze-Chi, and others of that crowd are active in the election of new senators, and I have no doubt that their influence will have its good results.

Military activity is still very great, but I have an idea they are somewhat less violent than they were a month or two ago. The North is winning now somewhat, and I have an idea the South is more ready for a compromise than it was a few months ago. As far as surface conditions in Pekin indicate, everything is running about as usual, and I understand from the Customs people that their receipts are about as usual.

Our friend Anderson was in Pekin recently for a couple of days. This was the first time, except for one day that he had been here since Christmas, I believe. He has gone again, but I do not know where. I only saw him on the street, and he said he would call on me, but he did not do so. I have been asked the question two or three times as to whether or not he was suing the Siems-Cary Co., but I never heard anything about it from him. He is our active enemy, and made the statement within a short time that we cannot build any railways in China. Unquestionably he still holds the friendship of such men as Chow Tze Chi and Sun, and Chow told Sam Young recently that we should have him back. Yeh finally came to dinner with me the other night, but I question whether he is any more friendly to us than previously. For some reason I am unable to explain, he still wants us to do something on the Northern Line, but as you will see from the correspondence on this subject, it seems impossible for us to do anything with it.

Reinsch and the Legation people are more than friendly to us, and Sun is apparently as friendly as ever, although he is anxious for us to define our policy. They do not seem to put any importance on the fact that we cannot do our engineering work, and they are perfectly willing to borrow all the money we would loan them and pay three and four times the normal prices for materials and equipment, and build railways even under these conditions.

Pekin socially is very quiet, and nobody seems to be doing very much, myself included".

(NOTE. Chow Tze Chi is stated, by well informed Chinese, to be one of the ablest men in China, though perhaps not the most scrupulous. He is one of the leaders of the party of Yuan Shi Kai, and was opposed to the latters attempt to make himself Emperor, although he gave it his support when it was finally decided upon. He was to have been made a Duke under the new empire. He is undoubtedly in favor of a strong Government, and foreigners, who have dealings with him, say that he is genuinely progressive in his ideas, and would like to develop China along modern lines. Certain foreigners who came in personal contact with him were surprised at his knowledge of conditions outside of China, and feel that if he had been allowed to remain in power, he would have improved conditions very much. He does not belong, however, to the new school. Certain members of Parliament felt, although they were opposed to him personally, that he was the best man to put in power, as he would probably give a good administration; a compromise between the oil and new customs. There seems to be no doubt, in the minds of anyone, as to his ability, although of course, many people are bitterly opposed to him politically.)

In spite of the failure of the attempt to install the Manchu

Dynasty, it is surprising to read that the Manchu party is by no means dead, and that there is a strong movement to reinstate the old dynasty and abolish the republic. This is partly due to the weakness and inefficiency of the present Government.

The writer of Letter No. 6148 states; "China is very hopeless; the officials are selling the country and people for their own profit -- The Governors are squeezing blood money from the people. The recent war in China, was merely for the gain of personal wealth and authority".

The control of the Government over the generals is very slight, and they do practically as they please; "The political situation is becoming more strained. Tuan Chi Jui, in addition to lack of funds has been confronted with the withdrawal, from the front, of Tsas Kun and Chang Hai Tze (or Chi). (These generals have been instrumental in inflicting a very severe defeat on the Rebels around Jachow, which was duly heralded as a great northern victory). The truth, however, is that the retirement of the Southern troops was purchased for $500,000.00. For one month's outlay of additional military expenses, (about six millions, although two or three millions more would have to be added for loss in provisional revenues), the Central Government could have won over Sun Yat Sen and the whole galaxy of Southern sattllites. There would be nothing dishonorable in the payment, as the whole Military clique are only one place removed from the brigand- in fact the largest proportion has been so successful at pillaging the country and defying the authorities, that they have had to be put on the pay-roll. When the present strife is over, and expenses are cut by reducing the hordes of warriors, they will just lie back to their old occupation, which is after all only a continuance of their temporary vocation ('Revenons a nos moutons') Jealousy of Hsu-Shu Ching, their inferior in rank of seniority, who however is the particular friend of the Premier, is at the bottom of the trouble. They have returned, and are hollering for peace or a compromise. These same gentlemen, at the meeting of the Tun-chuns in Tientsin, months ago when the President was vacillating, insisted they would fight the South to the last man and that effort, if you please, was to be made irrespective of support, financial or otherwise, from the Central Government. There are rumors that Tuan desires to quit, and this on the eve of a Presidential election. The whole trouble is lack of funds. When any loans go through, urgent wires from all the Tuchuns are received, demanding the immediate remittance of so many lacs(?). I prophesied to London last week that the loan was not likely to culminate, because of the opposition offered to placing the security in the hands of the Japs, and again because Abbott's (Chicago) bank had a first mortgage over the Wine and Tobacco Tax, and naturally the U.S.A. might venture a protest in support of their nationals. The Japs have bled the Tuan Government white, and, as your Naval Attache jocularly remarked, 'Tuan ought to have known what was coming to him - - the Japs can only provide kicks, now that all the possible juice has been extracted from the cocoanut'. It is interesting

to note that this impasse in the Yangtze has followed so closely upon a visit of Baron Hayashi. Can you imagine he went down there for his health or on a pleasure trip? I can only imagine the Japs have decided the present crowd must go, and having run with the hares, wish to hunt with the hounds. I may be biased, but there have been too many ugly facts strewn around in the past few months for me to be kindly disposed towards them". (Letter No. 5859).

"The Chinese Government has persuaded Gen. Tsao Kuna and Chang Huai Chi to remain loyal, and to resume fighting in return for honors bestowed, and they seem determined to achieve a result in Kwangtung, arguing that as Canton is the center of Southern disaffection, its capture and occupation by Northern troops should put an end to rebellion as it has hitherto emanated from the South. New Armies are to be led against Kwangtung. Gen. Tsao Kun is inspecting Commissioner for the revolting provinces; Gen. Chang Huai-Chi is the new Commander -in-chief. Lung Chi Kwang, equipped with money, returns from the capital in order to receive his forces and lead them once more against the two Kwang lines. Meanwhile, the Yunnanese are progressing in Szechuan, and the Government upholders have had to retreat still further. To a degree, the Chinese are possessed of toleration, a quality which ought to, and does, make for peace, but they lack the patriotism of other races. As yet they have no such ideals as each for all, or the greatest good for the greatest number. They are intensely individualistic, and have notdeveloped the spirit of cooperation so prominent in the progressive nations of today.

Neither the North nor the South can win a decisive victory, and it follows then that as the change is not likely to be wrought within the country it must be effected from without. In other words, China must be saved from herself, and her productions and resources marshalled in order to make the contribution which they should to the world's needs. At present they are being largely hypothecated to Japanese, unfortunately not officially recognized Japanese, but to groups, who are only too ready to take advantage of China's desperate needs, and who demand pledges far exceeding the value of the advances made. It is this frenzied finance which suggests the approach of a declaration of insolvency by her creditors, and then China may be saved from herself and from her friends. The list of loans contracted from the Japanese within the past year is appalling, and it is weekly, almost daily being added to. Wine, Tobacco and other taxes, telegraphs, Bureau of Engraving, mines, forests, railways, etc., have all been bartered for a miserable mess of pottage. There remains the land tax, the greatest of all. One day that will be also pledged, and China will be bound hand and foot". (Letter No. 1100).

Letter No. 1081. "I said on leaving America for China, that business in China would be given to those who loaned money to China, and

you agree with me. We fact the danger that our principal customer will be automatically removed from us by the means mentioned in my letter to Mr. Meyer.

I had a long talk with the Vice Minister of Communications the other day, who is in charge of all the Railways of China, and is really the actual power of this Department, in which he appealed to me for a loan fussicient to buy a number of locomotives and at least 1000 cars. I, of course, could hold out no hope to him whatsoever, but I do believe that if I could get back with Dr. Reinsch, and could lay the situation, as I see it, before the principal business men and bankers, that something could be done.

Business has been very excellent here. I closed a contract with the Pekin Hankow Railway last month for half a million gold dollars, making a total business, booked in a year and fifteen days from my arrival in China, of over $2,000,000. We are faced, however, with the extraordinary situation that a great deal of this merchandise will not even be delivered until the first half of 1919, and although our profits are good, they will be on paper until that time.

The Japanese have made, through the Military authorities here, a loan on the Telegraph Department, one of my principal customers, which gives them a monopoly on the sale of Telegraph Supplies. We are attempting to put through a large order now, and, at the request of the Ministry of Communications, I was obliged to antedate all of my correspondence, and treat the matter as though it had been practically arranged before the loan contract was signed. This is a disgraceful situation for American business firms and Bankers into shich the American Government, which has always advocated the open door policy in China, is forcing us. In a few years, after the termination of the war, we will, no doubt, be seeking a market for our surplus manufactures and funds. Chinese credit is bound to be excellent for a long time to come, not only on account of the high value of her silver currency, but because she is producing, in extraordinary abundance and cheaply, food stuffs and many commodities and raw materials which will be in great demand immediately after the close of the war. I want to make it clear that this market is going to be lost for five years except for petty business, unless we wake up.

Mr. Meyer has been very much pleased at the business booked in this office, and has given me a very free hand for the future, making PekingOffice the head railway office for all of China. He has agreed to recommend me to the Directors as Vice-President, with reference to the continuation of my contract, and I sincerely hope that this will be agreeable at home, as the use of such a title here will give me a standing quite different from that of the Managers of the ordinary import and export firms in Pekin, especially among the Chinese Officials, who regard such things very highly.

You will think that in complaining about the shortsighted policy at home thatI lose sight of the fact that we are out to win this war. I assure you that such is not the fact, but the amounts of money for which Japan is purchasing privileges here and for which we would have a more favorable opportunity to get privileges, are so absolutely insignificant - $50,000,000 to $100,000,000. at the most, as compared with even our free contributions to the war, that it seems almost absurd for us to have to mention it.

I have had long talks with Mr. Stevens of the Russian Railway Commission, whom you will remember was formerly Chief Engineer of the Panama Canal and is out here as Minister Plenipotentiary in Siberia. He agrees with me entirely, and merely shakes his head at what he terms the shortsighted policy of our people at home. However, he promised me to wite strong letters on the subject, and I believe he has done so. Every important personage who comes to Pekin and investigates, makes the same decision, and adds his bit to what we say, but there are so few well-informed people come here that it is very discouraging to see the kind of business we have built up before the war wiped out for insignificant amounts of capital.

For your confidential information, I may say that since we failed toraise the Military Loan for the Premier and after he applied to practically every American interest of importance, he is openly disgusted and is frankly and bodily throwing all his weight with the Japanese.

The American Minister told me last night the Japanese are now negotiating a loan of $50,000,000. with conditions of monopoly of supplying all Railway Materials to China. As you know, this loan, like the Telegraph loan, is floated by the Military party who gets all the money for it, but the conditions which they draw up are very binding, and we feel that unless American Bankers can take some action, that our principal business will be lost for the period of years. We are testing the Telegraph Loan with the present wire inquiry and hope to get this through, but believe it will be difficult to get anything else through for a long time.

Dr. Reinsch leaves Sunday for America where he will be gone three months. He discusses the possibility of my going back with him and making an appeal to our crowd, and, possibly, the Chicago crowd, to make some kind of equipment loan to China. The matter, I assure you, is serious. I would, of course, now not be able to leave until after July, but I am assured of Mr. Reinsch's active cooperation in Washington, if I could get back for a short trip, leaving my family here.

I wish you would let me know what you think of this. I begin

to feel that all the efforts that we have made to build up business in China will be practically cancelled by these vicious loans, unless American Bankers and Manufacturers are far sighted enough to get together and help China in her present needs. Quick action must be taken."

mef

OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch.
JUN 13 1919
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WAR DEPARTMENT

SUBJECT . . . .ANTI AMERICAN PROPAGANDA BY. . .
. . . . . JAPANESE PRESS IN CHINA. . . . .

FROM . . . .M.A.. . . . . .

NO. 2037 . . . . . .DATE . . April 28,1919.

REPLYING TO NO.. . . . . .DATE . . . . . .1919.

M. I. 4F.-E. L. C.

1. Attached hereto are translations of an article appearing in newspapers either owned or subsidized by Japanese in China, and printed in Chinese.

2. The articles are obviously intended for Chinese consumption, and it is intended to undermine American influences in China and to destroy Chinese confidence in American ideals.

3. The Japanese realize that an application of President Wilson's fourteen points to the relation of foreign countries to China will restrict the Japanese in their present unconscionable attempts to get control of China's National resources, and that the approval of the League of Nations will prevent their acquiring permanent rights in Shantung Province and in Manchuria. They fear America more than any other country as our policy in the Far East has always been to insist on the open door and preservation of Chinese territorial integrity. The Japanese attribute the spread of these new (to them) ideas to the Americans, which explains their vicious attacks in the press on American ideals and intentions.

4. This propaganda is having very little effect on Chinese, but there may be serious complications between Japan and America incase such attacks continue, as it will tend to inflame the minds of the Japanese themselves against Americans, which may lead to disorders even worse than the recent disorders in Tientsin.

COPIES TO - W & V.

4 encls.

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1919 JUN 13 PM 12 47
M.I.B. MAIL ROOM

Clipping from the "Tsinan Daily" - Japanese Daily published in Chinese in Tsinan, Date April 10th, in "Maritime News" Section. Rough translation follows:

"ENEMY SUBJECTS STARVED TO DEATH ON BOARD SHIP.

A telegram from Singapore states that out of over a hundred enemy subjects arriving at that port on their voyage of repatriation on the ship of a certain country, fourty-seven were found to be dead. Out of twenty-five deportees from Shantung not one remained alive. The cause of their death was that on the ship of this certain country all air-ports were sealed, and food cut off until death resulted from suffocation and starvation. Unspeakable cruelty!"

(To create anti-British and American feeling.)

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Clipping from the "Shun Tien Shih Pao", of Peking, a Japanese Daily Newspaper. Date March 20, 1919.

"AMERICA'S CONNECTIONS WITH THE ESTABLISHMENT OF MONGOLIA TO BE A COUNTRY.

The Americans openly declare themselves to be righteous, but secretly practice their intrigues to make trouble in the Far East in order to attain the "Profit of Fisher" (Chinese Proverb). We are assured that such far-sighted plans are well known to intelligent persons, and their crafty plans have already revealed their ulterior motives. At this moment the people of the Far East must awake and be warned at these actions, otherwise, unfortunately, we shall be caught in the designs of these Americans, and it will be impossible to prevent their accomplishment. First, we may look at their activities among the Bolsheviks in Siberia. At the very beginning, the Americans proposed to send troops to Siberia to cooperate with the Allies, but at present they possess an attitude of onlooker on the pretext that the Bolshevicks are a political party, and to fight them would be interference in the Internal affairs of Russia.

From this point, the real sentiments of America who approved of despatching troops to Siberia in cooperation with the Allies during the end of last year, are not difficult to predict. If they fear to interfere in internal political affairs of the Bolshevicks, why should they send their troops into the Far East, and after permitting their troops to land, why allow their soldiers to mix up with the Bolshevicks and assist them? Such bold and corrupt actions by Americans should be resented. Lately warning news from northern frontiers are reported constantly, and Mongolian independence is constantly rumored. These terrible designs are under discussion at present, and, of course, we cannot sleep soundly. We are much alarmed on hearing the news that among the intriguers there are some of our honorable American friends. This

information was published in the issue of March 8th of the Peking Leader, and it was reproduced on March 9th in the column of our Current Events for the purpose of warning our fellow-country men to beware of these plans. Now we publish hereto the following information received from persistent and confidential sources in Harbin with the idea of warning our readers to adopt some measures to protect themselves from their plans at its preliminary stages, and to make a strong foundation for the welfare of Eastern people for the time being. General Semeonoff, a Mongolian, after consultation with the so-called Major Barrows, has made negotiations with the Government (Urga) of Outer Mongolia, with a view to uniting Outer and Inner Mongolia and Russian territories and to appeal to the Peace Conference for independence under the "Self Determination of People" clause, which proposal is recognized by the Present Peace Conference in Paris.

During the middle of February they specially opened a secret meeting while they discussed how to send representatives to France. Major Barrows, an American Military officer, also participated in the meeting and advocated that the mining rights on the part of Mongolia may, through the United States President Wilson, be used as an interchange of articles for Mongolian independence to the Peace Conference. This project has been proven to be true by evidence. Major Barrows, in connection with this project, took a secret trip to Harbin, Chita, Vladivostok and other places last year. Recently in company with Buriat representatives, he arrived in Harbin. Now in Europe and America there are various rumors that Japan is desirous of obtaining Mongolia. These rumours are really scattered by those designers through newspapers in order to irritate European and American peoples, and thus produce unfavorable sentiments towards Japan. Such kind of newspaper policy seems to be so far-sighted, and its methods are so x disastrous.

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Clipping from "Kiuoshinpo", Harbin - A Japanese Daily Newspaper - Date: March 1, 1919.

"THE UNITED STATES ADVANCE SPEEDILY IN EASTERN ASIA.

The United States stands on the Western Hemisphere of the earth, very far distant from Eastern Asia. On account of geographical conditions, the desires of the United States are theoretically restrained. Since the opening of the Panama Canal, the United States' merchant and battle ships can come direct to the Far East, and in consequence, Eastern Asia has produced a hidden trouble.

The United States has laboriously succeeded in the organisation and digging of the Panama Canal after a period of several years. In spite of agreat lot of money spent, the work was successfully accomplished, and it is certainly admired and respected by the world. The United States did this for what she could get out of it. After the completion of the Panama Canal, some of the Eastern people have detected her real ideas. It is only due to the fact that the political affairs of our country(China) are more disastrous, that we have no leisure to care for these things. For this reason the United States has been given time to develop her interest in Eastern Asia gradually. At the very beginning the methods used in g treating Eastern people were really good and did not make the people think of wrong, so that their policy has gradually performed in the Eastern Asia - that is to invest money in China. Our country is located in the center of Eastern Asia, with a big territory and luxurious productions that no countries in the world can compare with it. The United Statds has longed for our territory and desired to obtain it for a long period of time. Our present internal struggles, such as seizing and elimination of reign and power, prolongation of hostilities, and dissension among various parties for lending foreign loans is heartily desired by the United States. Consequently, the mining products and its territories have all become mortgaged to the United States. By this way China is going to be destroyed. How disastrous the United States methods are! Such policy is obviously to exterminate China, as we know. ~~Such~~ But at present it has not yet been visible,due to the matter of time. The United States seems not satisfied with the investment policy, and on the pretext of protecting Eastern Asia sends troops to Siberia for the purpose of obtaining advantages in future. The Russians instead of investigating these actions, recognise her as an intimate friend. This is the only way for Russia to pursue if she wants to perish. The peace in Eastern Asia should of course be maintained by the Eastern people, and there is no need of others. Furthermore, Japan and China stand to each other in the relation of lips and teeth - as when the lips are gone the teeth feel cold. This is our idea in cooperating with our troops in Siberia. It is not to be expected that the United States should mix up with our actions, openly to counteract our enemy's influences, but secretly to plan how to help herself. We have conducted the tiger into our room, and the dangers are not very far from us now. Recently we have been informed that the United States has enlisted soldiers in the various parts of North Manchuria. If it be true, her designs in the Eastern Asia are entirely divulged. It will be remembered that before the opening of the Paris Peace Conference, the President of the United States, Mr. Wilson had declared the policy of maintaining eternal peace and righteousness and humanity in the world. His

declaration had prevailed throughout the whole world, and all counties have responsed. Hence the United States should execute her words and adopt a moral for others, and the policy of demobilization must be practiced immediately. Nevertheless, instead of disbanding her troops, she is sending them to Siberia in every possible way. Evidently, the declaration of President Wilson is simply a talk to cheat the world. We, the Eastern people, eat the soil of Eastern Asia, and our families, property and all other things are all in the territory, so the measures for self-protection are urgent and must not be neglected.

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From "Dalny Vostok" - March 30, 1919.

"THE THORNS OF INTERVENTION - AMERICANS AGAIN.

Only yesterday we wrote about a revolting case of debauchery of American soldiers at the Station of Sharasun. Today they are telling us of a new case.

The day before yesterday, two American officers sat in a first class compartment of a railway car on the Nikolsk-Vladivostok line. In the passage way near the compartment stood facing one another two American soldiers. At this time a Russian workingman was passing by them, and in passing he unintentinnally touched one of the American soldiers. This was enough for the American soldiers to attack and beat the Russian workingman.

In response to the cries of the tormented, A Russian officer rushed to the scene and shouted: "Here you, Americans! You are not in America! you are in Russia."

After this remonstrance the American soldiers let the Russian workingman alone. The shocked public demanded that a protocol be drawn up of what occured, but the American officers, who came out of their compartment took the American soldiers under their protection.

Then those present asked the American officers to give their names, which they refused to do. The questions arise:

1. Is it possible that the American soldiers are being recruited from among savages?

2. Is it possible that such soldiers are tolerated in a "democratic" army?

3. Is it admissible that soldiers - democrats - should beat a Russian workingman?

4. Do not our "American friends" confuse their

Russian Allies with the enslaved negroes who live in America in conditions fit for dogs?

5. Is it likely that the discipline in the American army is so arranged that an officer can witness quietly how his soldier beats brutually a peaceful citizen?

6. Is it possible that American morals are such that they allow officers to take hooligans under their protection?

7. Is it possible that the honor and dignity of American officers allow them to hide and conceal their names?

8. Where are the Americans? In a friendly country which they came to assist?

9. Or in a colony where it is necessary to "subdue" the population which the Americans deeply despise?

10. How long will the Americans try the patience of the Russians? I know that not a single one of these questions will be answered.

The Americans are "proud and inaccessible". But are they Americans? Are there not among them too many "Americans" perfectly familiar with the Odessa language? Nullus.

Americans! The American Government has resolved to take all measures to compel their troops in Siberia to behave more properly in order not to provoke the discontent of the population.

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OFFICE CHIEF OF STAFF
MAY 18 1919
WAR DEPARTMENT

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NOTED: M.I.2

SUBJECT . . .JAPANESE PRESS PROPAGANDA . . . . . THE UNITED STATES. . . . . .

FROM . . . . . .H.A. . . . . .

NO. . . . .1996 . . . . . .DATE . . .April 3,. .1919.

REPLYING TO NO. . . . . .DATE . . . . . 1919.

The following article on the above subject was sent by the American Consul at Tsingtau, China, to the Secretary of State under date of March 24, 1919.

"In my despatch No. 247, of March 14, 1919, I had the honor to report on various kinds of defamatory articles, directed against the United States, that are continually appearing in the Japanese-controlled vernacular press in China.

This despatch was somewhat full, and there would appear to be insufficient reason for referring to this subject so soon again were it not for two reasons that, in the opinion of this office, render a continued attention to Japanese press propaganda in China worth while. The first of these reasons is the noticeable fact that whereever Japanese influence becomes established, as in Shantung, attacks against the United States appear to increase in number and virulence. This consideration becomes very important when, as at present in the Peace Conference, it becomes a question of granting Japan a permanent foot-hold in China. I have the honor to enclose herewith translation of an article that appeared in the Chinese edition of the SEITO SHIMPO, Tsingtau, of March 20, 1919. This article is pure propsganda, for it appeared in the Chinese edition of the organ only. It accuses American soldiers of being incited by their superiors to acts of violence and accuses the United States of being the instigator both of the recent Korean uprising and of Bolshevik activity in Siberia. The article purports to be written by a Chinese, and as the object of attack in the three instances given above was in each case Japan or Japanese subjects, the writer observes that whereas the United States fifty years ago helped Japan, it now attacks that nation. America is now helping China, will China in the future be attacked by America? The article describes the United States as an international bully and attempts to expose what it considers the hypocrisy of its claims to righteousness and humanity.

But the point this office desires to emphasize is that under simple military occupation, Tsingtau has

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M.I.B. MAIL ROOM

apparently become a center of anti-American agitation. If Japanese arrogance is fostered by receiving from the Peace Conference any sort of permanent tenure, it may safely be foretold that Tsingtau will in this particular of newspaper propaganda, as in other international aspects, increase in importance as a source of international discord.

As a second reason for attaching importance to Japandse press propaganda in China, I have the honor to observe that it may be safe to ignore opinions expressed in Japanese journals in Japan, for they concern one nations, only, but articles published in papers in China indicate not only the hostility of their writers, but create a certain danger in a third country, as well.

The shameless indifference of Japanese editors to decency and truth is exhibited in an article that appeared in the SANTO KORON (Shantung Review), a Japanese magazine published in Tsinan, the capital of Shantung, of March 15, 1919. This article, which forms the second enclosure herein, states that the American Consul at Tsinan endeavored to bribe a Chinese editor, with the object of obtaining the publication of pro-American articles. The explanation of this article is that the Chinese editor mentioned, one Lan Chung-hsi, is, according to the testimony of a man intimately acquainted with him, a renegade Chinese who often claims Japanese citizenship; he committed a murder in Korea, and has twice been banished from the Leased Territory of Kiaochau by the Japanese on account of his misdeeds. In 1916, however, while the Japanese were fostering the "Republican" expedition against the Chinese Government, Lan Chung-hsi was allowed peacefully to make bombs in Tsingtau. It is interesting to note that the Japanese are never at a loss for the services of renegade and unprincipled Chinese, whether of high or low degree.

It appears to this office fortunate for the future of Chinese-American relations that there exists a powerful barrier in China protecting the United States against a great deal of scurrilous newspaper propaganda, that is, the great body of American religious workers scattered through the country, who have the confidence of the masses, and who are in themselves a refutation of many of the slanders.

Nevertheless, as in my previous despatch, I have the honor to suggest the advisability of devising some means of supplying to the Chinese public information antidotal to the poisonous inuendo disseminated by certain organs. "

Enclosures:

Translation of an article from the "Seito Shimpo", of March 20, 1919.

Translation from the "Santo Koron", March 15, 1919.

Encl.#1. "THIS IS THE WAY THOSE WHO PROFESS RIGHTEOUSNESS AND HUMANITY ACT."

(Translated from the "Seito Shimpo", Tsingtau, China, of March 20, 1919.)

In regard to the recent outrageous conduct of the Americans soldiers in Tientsin, it may be admitted that this conduct had its origin in the madness of intoxication, but this ruffianly conduct continued day after day without interruption becomes a very serious matter, and is not to be passed over lightly.

The American soldiers are still not conscious of their depravity, for in the last two or three days, they are still deporting themselves publicly in the streets in the same outrageous manner, and are continually attacking quite defenceless Japanese business men.

These actions can by no means be taken as the deeds of simply a few private soldiers; behind them must be those who instigate them to these deeds. A little thought will convince one of this. For of late, the Americans, drunk with victory, have come to consider themselves the only people in the world, entitled to do anything their desires dictate, and to receive the obedience of all the other people in the world.

In view of these things, let us quietly reflect in what way the barbarism of the United States will react in that nation's post-war activities in the Far East. This is not difficult of determination. Take, for example the true inwardness of the recent trouble and lawlessness in Korea; Consider the origin of the recent Bolshevik activity in Siberia. Thus the real facts of the present case become easily discernible. It is not necessary longer to expatiate longer on the fact that these are not the acts of a nation habitually devoted to peace.

Up to the present, we have always held the United States to be a nation that loves peace, and we have felt for that nation a warm regard elicited by her lofty principles. Her words have always manifested her righteousness and humanity, and the citizens of all the nations of the world have heard her fair speech. But America's recent actions show that while her speech extols righteousness and humanity, her actions are quite the reverse, and perceiving these things our feeling of respectful regard must needs change to a feeling of strong distaste.

Compare the guidance and assistance rendered by the United States to Japan fifty years ago with the guidance and assistance rendered to our own nation of China by the same nation at thepresent time, amd it will be evident that she was even more generous to Japan than

she is to China. Yet from the moment that Japan from a corner of the Far East suddenly sprang into prosperity, the feeling of the United States toward Japan became one of jealousy. So hearing of America's present actions, one cannot avoid the suspicion that when she guided and assisted Japan fifty years ago, it was by no means in the hope that Japan would attain the prosperity that she subsequently reached.

We Chinese at the present time are likewise the recipients of America's assistance and guidance, and our people therefore feel for the United States an unvarying respect and affection. But when once China has in turn reached a position of prosperity, it is to be feared that she, too, will be obliged to go through the experiences that have been Japan's.

Only a short time ago, American soldiers at Tongshan, in contravention of all the rules and regulations of international law, conducted a domiciliary search of Japanese dwellings. That incident and the actions of the American troops at Tientsin certainly are for us indications of what is to be in the future and give us food for thought.

According to report, these troops not only assaulted Japanese subjects, but at 11 o'clock in the night of the 12th inst. they intercepted some Japanese prostitutes who were on their way from the Kuang Ming Moving Picture Theatre and dragging them to a vacant place, they there overcame them with violence and raped them. They then continued their assaults on Japanese persons and beating them to insensibility robbed them of the gold watches that they bore. Such actions, if indeed they were guilty of them, can only be stigmatized as the deeds of creatures with the faces of men, but hearts of beasts, for they are entirely inconsistent with all sentiments of humanity. We must of a truth hope that these reports are mere rumors, but at the same time we must also hope that Americans in China will immediately change their behaviour and make their actions conform to their words, so that they may adhere to their much-advertized course of righteousness and humanity, and to show a real appreciation of the respectful regard that is accorded the United States by the nations of the world. This is devoutly to be looked for."

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Encl. #2. "THE TSINGTAU QUESTION DEALT WITH IN A CHINESE PAPER".

(Translated from the "Santo Koron" (Japanese) Tsinan, Shantung, March 15, 1919).

The "Shantung Independent Daily (Shantung Tze Chih Shih Pao(山東自治時報) Chinese paper, in a recent number published an article regarding

President Wilson, whose gist was as follows:

> "President Wilson has referred to the Tsingtau Question. This is really too kind of him, for the Tsingtau Question is already settled, and there is no need for him to refer to this subject, with so much kindness. It may be only a piece of flattery to the Chinese."

When the above article appeared in the paper, the American Consul at once asked to have an interview with the Editor of the paper, and the second editor, Mr. Lah Chung-hsi (藍中西) went to see the Consul. The latter spoke to the editor as follows, substantially:

> "Recently the United States and China have been progressing towards ever increasing intimacy of international relations. America has no other ambition in China but to expand commerce and industries, to render financial assistance, and to invest large capital. It is, therefore desirable that you should not write any more such articles harmful to American interests".
>
> The Consul also remarked in the course of his conversation.
>
> "As your paper is newly established, and you may find many difficulties in its maintenance, I shall be glad to assist you, if it does not cost more than Y.100 per month".

Expressing the desires indicated above, he requested that artibles might be written encouraging intimate relations between China and America. Mr. Lan, however, refused to receive the Consul's assistance, thanking him for his kind offer, and departed.

This is a very simple little incident, yet it goes to show how keen an interest the American Consul takes in anything that appears in the papers."

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COPIES TO - W, P & To.

N.N.L.1

NAVY DEPARTMENT
OFFICE OF NAVAL INTELLIGENCE
WASHINGTON

In reply refer to No.

OFFICE CHIEF OF STAFF
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Op-16-A

June 2, 1920.

My dear Colonel McKenney:

I am forwarding herewith, by messenger, two sealed envelopes. One addressed to ~~President, Army General Staff College~~, containing secret memorandums Nos. 18 and 19, on "Evidence of Japan's Preparations for War", and a paper on "Japan's Activities and Japanese Political Conditions in Shantung Province", and another paper on "What America's Policy should be in China". The second one is addressed to Military Intelligence Division, United States Army, and contains secret memorandums Nos. 16 and 17, on "Evidence of Japan's Preparations for War" and a paper on "What America's Policy should be in China", and another on "Japan's Activities and Japanese Political Conditions in Shantung Province".

I will consider it a great favor is you will please see that these two envelopes reach their respective destinations.

W W Galbraith
Commander, U. S. N.,
Assistant Director of Naval Intelligence.

Lt. Colonel R. I. McKenney,
State, War and Navy Building,
Washington, D. C.

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

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WAR DEPARTMENT

June 1920.

BRIEF OF ATTACHED PAPER.

Subject: Brief resume of attached paper - subject - "What America's Policy should be in China".

The paper is dated, January 21, 1920, and purports to be an expression of opinion of one of the best known American reporters and publicists in China, on what should be done by the United States if she considers retaining the mastery of the Pacific Ocean.

The writer states that foreign residents in the Far East have been watching during recent years the growth and expansion of Japanese interests in China, and the corresponding decrease in Occidental influence and prestige. He states that where Japanese interests expand, they expand both politically and commercially, and that the military find a comfortable footing along with the other two. It is stated that it is impossible at any base of Japanese operations in China to distinguish between military, political and economic interests. That a theoretical diverse of these various interests had been useful to the Japanese in Paris.

Japan now has three big bases for expansion on the Chinese Coast - Fukien, Shantung and Manchuria, with a promise of a still bigger field on the north in Mongolia. That the progress Japan has been making from these various bases in all lines of endeavor has been exceedingly depressing to interested Occidentals because of experience common to all that the establishment of the Japanese right means the extinguishing of all rights of all others. That Japanese trade supremacy means trade monopoly; that supremacy of Japanese political influence means Japanese control.

In the course of Japanese expansion, China has suffered severely in the loss of national property, national independence and national prestige.

Nearly all who are interested, diplomats, merchants, etc., have almost given up hope that China will evolve into a real nation with a real government strong, honest and courageous enough to keep her doors open to international trade. And those who think at all about oriental affairs are vacillating between the three schemes:-

1st Abandoning China to the Japanese.

2nd Of fighting the Japanese.

3rd Of compromising and cooperating with them.

Writer states that China is only nominally a democracy, describing it as a country in which thru lack of communication and proper educational facilities there is no articulate public opinion, and therefore no representation of public interests.

The interior of the country is governed by groups of military leaders who spend their time fighting out their local feuds and maintaining their positions, and they have neither the time nor the inclination to study either local of national public interests.

Writer describes how the Japanese take advantage of the situation for the purpose of advancing their interests. It is done thru corruption of Chinese officials accepting Japanese financial support in return for concessions granted.

The chaotic condition of the government has made united effort against Japanese aggression impossible, and this has been so valuable to Japan that it has been her whole policy to keep disorder at the highest

pitch by financing at various times the elements which promise to create the most trouble. Thru the pursuit of this policy Japan has alienated the literate classes of the Chinese people.

The Japanese policy is that her rulers believe that the control of China's resources and a predominating influence in her political and military affairs is absolutely essential. For Japan to be strong, China must be weak.

The writer goes on to show that this is a game in which democracy cannot compete with the Japanese in China.

The writer tells why the United States fails and the Japanese succeed. The writer states that the history of American interests in China during the last five years is one of failures, crooked deals modelled on a Japanese pattern having met the same fate as honest commercial enterprises. While on the other hand, Japan's record is one of success. That we cannot envy the Japanese because these successes have been achieved by means by which neither American diplomatic policy or American public opinion could possibly sanction.

Japan thru her system of acquiring and protecting investments in China has earned confidence thru success with the element now in power; tho this success has earned her the hatred of the Chinese masses, it has also earned their respect, which is all that Japan demands. The writer shows that no occidental nation is in a position to earn either the same confidence or respect, therefore it is absurd for England, America or France to attempt to compete with Japan on her own terms.

The writer shows that we cannot play the Japanese game, secretly because small stakes make no impression on the present Chinese governors, and we cannot play big stakes, because our own people will not support us. We cannot play with the Chinese present rulers who are wholly unrepresentative of Chinese public opinion. That our diplomatic representatives must nevertheless be accredited to something, and hence they recognise the Pekin government, which is a "de-facto" government, well known to be no government at all. Japan in the meantime operating with others who form the real government, meanwhile America does nothing but sit with folded hands and watch.

The writer wonders why our diplomatic representatives or our commercial folk have never developed a Chinese policy of our own, consistent with our own national ethics, and above the standard which Japan has set for us in the orient, and which would be consistent with our dignity, and at the same time command the respect of the orientals.

Japan has bought Chinese officialdom, terrorized the Chinese government, and antagonized the Chinese people, but has achieved a reputation for success, while the United States in various petty endeavors have achieved a reputation for failure. The Japanese are indifferent to Chinese public opinion, because thru their questionable dealings they have obtained a hold upon the mineral resources and communications of China that will stand them in good stead in time of war, and are in a position to force a Chinese alliance with Japan in the event of a Japanese war with an occidental power. Intelligent Chinese are fully cognizant of this fact. They appreciate Japan's strategic position in the orient, and know that if Japan reduces China to a status of a docile auxiliary, her position in the Pacific Ocean will be almost impregnable, and American interests will never expand beyond the California coast without the consent of Japan.

Chinese independence from Japanese control is absolutely essential to America's free trade in the Pacific Ocean. America's trade and freedom of action in the Pacific, west of the three mile limit, is wholly dependent upon China's independence and strength. The writer shows at length Japan's strategic position in the Pacific, if she stands on the defensive in any kind of a war, since on the coast of Siberia, Korea and China, Japan has an unbroken string of islands from Formosa to the Arctic ending in Sakhalien. That in the event of war, Japan could keep her fleet behind this natural barrier and that the difficulties of the American fleet in attacking Japan under such conditions would be exceedingly great, and that a decisive victory of Japan could only be accomplished by some very rash or brilliant move on the part of the attacking force.

The writer shows that in standing a defensive test, Japan would rely very largely on having Chinese resources at her command. That at present Japan's food supply scarcely meets the needs of her people, and that her power to endure in a prolonged conflict would depend largely upon her ability to get coal and iron from China, upon which she now has a monopoly, as well as to keep communications open both by land and water. That China's neutrality would be embarrassing in the event of war, and in fact almost fatal, if great enough pressure was brought to bear on China from the outside. It is to Japan's interest therefore upon the declaration of war to force upon the Pekin government an alliance with Japan. Thinking Chinese see the results of such a policy and look with horror upon the possibilities of a war between Japan and any foreign power believing that such conflict would be the end of China's national existence. If Japan were victorious, China would at once find herself in the position of a Japanese dependency while if Japan were defeated, China as her ally could expect actual dismemberment at the hands of the powers, or a degree of foreign control which would only be less irksome than Japanese sovereignty.

Japan's policy in China is that first of all China must be weak and disorganized. Secondly, the growth of the democratic government must be hampered. Thirdly, The Chinese military force amenable to Japanese discipline must be organized as a weapon with which to force an unwelcome alliance upon the Chinese people. Fourthly, The Japanese must have strong bases on the Chinese coast such as Fushou, Tingstam, with good communications leading into the interior, so that a hostile China could be properly controlled and subdued, and so that food supplies and materials of war could be stored and shipped under efficient Japanese protection.

The writer shows that China has no policy and that there is but little hope for America's trade as long as Japan controls China.

The writer states that it is perfectly apparent that a strong China is as essential to the United States in the Pacific, as a weak China is to Japan's imperialistic ambitions, and by a strong China is meant one in which democratic institutions control, and one not governed by a small militaristic clique which Japan could bully and buy. That since China's welfare is essential to America's future welfare in the Pacific both politically and commercially, the kind of policy which America should shape for the Far East and to adhere to constantly with all our strength is one in which we should give our strongest moral support and encouragement to every movement among the Chinese people, which indicates an awakening of a national consciousness. America should lend no money, sell no supplies and give no moral support to the militarists who are Japan's most efficient agents in her work of blocking progress in China. That on the other hand, America should use every effort both thru diplomatic influence and thru propaganda to discredit the militarists in the eyes of the Chinese people. That all American investments in China should meet with the approval of those classes of Chinese who are opposed

to the militarists and are endeavoring to build up democratic institutions. That whenever it is possible such investments should be of a character directly beneficial to the Chinese people in their struggle toward democracy. That there can be no democracy in China until modern education and good communications are avilable to the people in every part of the country. That China's railroads, telegraphs, schools, newspapers, and small industries more than anything else should have our whole attention, and should be given every encouragement for the development of such institutions. That at the same time America's business people should be given to understand that trading with Chinese officials and selling them materials and supplies that are of no value or use to the Chinese people, but which are on the other hand designed to strengthen the hands of the militarists against the people are acts of disloyalty to America's best interests..That since personal relations play so great a part in Chinese public affairs our diplomatic and consular officials should be chosen with a view to their adaptability, and no pains should be spared to establish close friendly relations with all classes.

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
JUN 4 1920
1766-1316
WAR DEPARTMENT

Important

SUBJECT: WHAT AMERICA'S POLICY SHOULD BE IN CHINA.

From K. No 35. Date 21 January, 1920.

I recently requested one of the best known American writers and publicits in China to give me his opinion on what should be done by the United States if she considers retaining the mastery of the Pacific Ocean.

The following was submitted on the condition it be not published (the style of the writer is too well known in China), nor his name in any way be develged. It bears very careful reading as being the opinion of one of the best informed foreigners on Far Eastern Affairs:

All foreign residents in the Far East have been watching during recent years, with feeling of increasing irritation and resentment, the growth and expansion of Japanese interests in China and the corresponding decrease in Occidental influence and prestige. When Japanese interests expand, they expand both politically and commercially. Where Japanese commercial interests gain a footing, military and political interests are their closest camp followers. Where military interests are aggressive political and commercial interests are well cared for, and where Political interests win a concession for themselves, the military find a comfortable footing and commercial interests expand under the most jealous protection.

It is absolutely impossible at any base of Japanese operations in China to distinguish between military, political and economic interests. A theoretical divorce of these various interests has been useful to the Japanese in Paris, where there has been much talk of the economic rights which Japan is to have in Shantung, but anyone who has lived in China, such a divorce of interests on the part of the Japanese is wholly incomprehensible. Japan now has three big bases for expansion on the China Coast, Fukien, Shantung and Manchuria, and the promise of a still bigger field on the north in Mongolia. The prospect of the advances which Japan has been making from these various bases in all her lines of endeavor has been exceedingly depressing to

interested Occidentals because of the experience common to all, that the establishment of a Japanese right means the extinguishing of all rights for all others; that Japanese trade supremacy means trade monopoly, and that supreme Japanese political influence means Japanese control. In the course of Japanese expansion, China has suffered pretty severely in the loss of national property, national independence, and international prestige, and has shown so little inclination or ability to take care of herself that the interested observers who find themselves damaged in one way or another through China's incapacity to keep the door open, are often out of patience with China, and are inclined to think that a people who do nothing to save themselves are scarcely worth saving, and that if China is not to be wholly abandoned to the Japanese as Korea was, there are only two alternative policies to pursue, the first, to pick a fight with Japan and drive her out of her holdings, both economic and political, and the second to compromise with her and cooperate as far as she will permit it in the exploitation of China. Nearly all who are interested, diplomats, merchants and mere lookers on, have almost given up hoping that China will evolve into a real nation with a real government, strong, honest and courageous enough to keep her doors open to international trade; and those who think at all about Oriental affairs are either vacillating between the three schemes---(1) of abandoning China to the Japanese, (2) of fighting the Japanese, (3) of compromising and cooperating with them---or having no thoughts or policies in the matter whatever, are making a feeble effort to compete with them through emulation of their methods. This last alternative,,without a policy, seems to have been taken up during recent months by the diplomatic representatives of most of the Occidental nations which figure in Peking. To prove that such activities are bound to be not only futile, but extremely dangerous and that a definite far-sighted policy is most essential to all Occidental interests, and . . .

particularly to American interests, not only in the Far East but in every bit of the Pacific west of the three mile limit, is the immediate purpose of this effusion.

China is only nominally a democracy. It is a country in which through lack of communications and proper educational facilities there is no articulate public opinion and therefore no representation of public interests. It is country governed by groups of military leaders who hold their high positions through their ability to control useless armies of shabbly, illiterate coolies. These leaders are so busy fighting out their local feuds and maintaining their positions that they have neither the time nor the inclination to study either local or national public interests and are forced to confine their energies to the struggle for self preservation. They have no policy for they are opportunists, changing their colors like the Chameleon from day to day, and shifting their allegiance from group to group as expediency dictates, making alliances as petty as their wars, and as devoid of policy, as we understand it.

Japan has found this state of affairs well suited to the advancement of her interests. Selfish and irresponsible Chinese officials have found that by accepting Japanese financial support and be granting the Japanese concessions in return for loans they were able to maintain themselves in positions of power and security. The Chaotic condition of the government has made united effort against Japanese aggression impossible and this has been so valuable to Japan that it has been her whole policy to keep disorder at the highest pitch by financing at various times the various elements which promised to create the most trouble. Through the pursuit of this policy Japan has alienated the Chinese people until now all the literate classes regard Japan as the National enemy and are slowly but surely organizing against her and against the Chinese militarists who have served Japan.

Japan is a frankly militaristic and imperialistic nation. Her position in international affairs has been earned through

military achievement and her rulers believe that he future prosperity and prestige will depend upon the maintenance of her military supremacy in the Orient. To this, for economic and strategic reasons, a control of Chinese resources and a predominating influence in her political and military affairs is absolutely essential. For Japan to be strong China must be weak. This is the root of Japanese policy and in Japanese minds the end justifies any means.

This is a game in which democracies cannot compete. Emulation of Japan's policy on a big scale by either the diplomatic agents or the merchants of American, for instance, would be amply advertised by the Japanese and by otheres as well and would be promptly condemned by both the American Government and the American people. Emulation on a small scale only makes usridiculous in the eyes of the Japanese and of the Chinese politicians who work with them and make patent to these latter our weakness in a contests in which we have no business to enter. The worst enemies of the Chinese people are their governors, particularly their military over-lords. Japan finds it worth her while to cultivate these rulers and to ignore the hostility of the people, because she is in a position to play the game on a big scale and is reaping big rewards in her hold upon Chinese resources, communication and the like. It is folly for us to attempt to find allies in Chinese officialdom to work with us in enterprises similar to Japan's because Japan can always outbid us with the full approval of both her rulers and her people and can secure the fruits of such labours with a show of military force upon Chinese soil which is not available to us and which would never be made available if our government and people were aware of the methods pursued and the purpose behind the deal, or if they were convinced that it had merited and earned the hostility of the Chinese people. The Japanese can lend a group of Chinese militarists 50 millions, obtain a mortage on a railway or so, or a group of mines, and after earning the lasting enmity of the

Chinese people who are getting to be articulate in their expressions of opinion, ignore them with the full consent of their government and the support of Japanese public opinion, and protect their holdings with garrisons planted on Chinese soil. Spurred to emulation, we lend the same group of officials 5 millions, get little or nothing in return, finally fail to put the deal through and back down before the opposition of Chinese public opinion, condemned for trying something not in our line and despised in Oriental eyes for failing to put in through. The history of American enterprises in China during the last five years is a record of failures. Crooked deals, modelled on a Japanese pattern, have met with the same fate as honest commercial enterprises. The time has come when no Chinese of influence, unless he happens to be ruled out of the close circle of those who share in Japanese profits, will associate himself with an American enterprise except as a speculation and then he takes care to withdraw as soon as it appears that the enterprise is in any way endangered. On the other hand Japan's record is a record of successes. We cannot envy them because these successes have been achieved by means which neither American diplomatic policy nor American public opinion could possibly sanction; but we have to admit that the Chinese who associates himself with a Japanese deals stands by it to the last because experience has taught him that the Japanese will amke good and every undertaking no matter how scandalous, while the American fail in everything, no matter how reputable, and that their failure is particularly ignominious in deals which will not bear close inspection. Japan through her system of acquiring and protecting investments in China has earned confidence through success with the element now in power, and through this success has earned her the hatred of the Chinese masses, it has also earned their respect, which is all that Japan demands. No Occidental nation is in a position to earn either the same confidence or the same respect, because the agebts of no Occidental nation will receive the same support, in similar projects;

therefore it is absurd for England or America, or France, to attempt to compete with Japan on her own terms.

Since we cannot play Japan's game, since we cannot play it secretly because small stakes make no impression upon China's present governors, and since we cannot play big stakes because our own people will not support us, we cannot play with China's present rulers, who are wholly unrepresentative of Chinese public opinion. Our diplomatic representatives must nevertheless be accredited to something and since Chinese public opinion has not yet evolved a government which we can recognize we have to find something which we can recognize ' de facto'. Because official prodecure forces us to recognize a government ' de facto', which we know thoroughly well is no government at all, our diplomats find themselves accredited to whatever happens to be in vogue in Peking, however unrepresentative it may be of China or of the Chinese people. That they find themselves so accredited is by no means sufficient reason why they should trifle and dicker with the government that happens to be in power in Peking, or why they should commit American policy to a recognition of the militaristic institutions which Japan is supporting in Peking. Because Japan, operating in a country without a representative government, has seen fit to create a government according to her tastes is no reason why our diplomats should seek to give it "face" and prestige by approaching it diplonatically through Japanese methods of procedure. Lacking such procedure, our diplomats believe that there is nothing for us to do but watch Japan's manoeuvers upon the Chinese stage with folded hands, or get out, or drive the Japanese out, or accept whatever the Japanese cared to share with us through cooperation. It would seem that it never occurs to our diplomatic agents or to our commercial folk that we might develop a policy of our own consistent with out own national ethics and above the standard which Japan has set for us ih the Orient. It never occurs to us that we could of our own initiative do better

than yield before Japanese impudence or emulate Japanese rottenness and that we might create a policy of our own which would be consistent with our dignity and at the same time command the respect of Orientals.

Japan has bought Chinese officialdom, terroized the Chinese Government, such as it is, and has antagonized the Chinese people, but she has achieved a reputation for success while we, in various petty endeavors have achieved a reputation for failure. The Japanese are indifferent to Chinese public opinion because through their much condemned deals they have obtained a hold upon the mineral resources and the communication of China which will stand them in good stead in time of war and because they are now in a position to command through their agents in Peking a Chinese alliance with Japan in the event of a Japanese war with any Occidental Power.

This fact is fully realized by all thinking Chinese and disturbs them greatly. Intelligent Chinese, with a better appreciation of Japan's dtrategic position in the Orient than the average American, know that if Japan ever reduces China to the status of a docile auxiliary her position in the Pacific will be almost impregnable and that American interests will never expand beyond the California Coast without the consent of Japan; while if Japan is ever recognized by America as the master of the Pacific, Chin's independence and national integrity will be gone.

Chinese and Japanese of ordinary intelligence understand perfectly what is hidden from all Occidentals but naval and milistrategists. Chinese independence from Japanese control is absolutely essential to American free trade in the Pacific Ocean and American free trade and freedom of action in the Pacific west of the three-mile limit is wholly dependent upon China's independence and strength.

A study of the map of the Far East should be sufficient to convince any ameteur strategist that a war between Japan and

any Occidental power, except perhaps a reorganized Russia, would be a very expensive affair and one in which Japan would start with tremendous advantages if she saw fit to stand upon the defensive. Off the coasts of Siberia, Korea and China, Japan has an unbroken string of islands from Formosa to the Arctic, ending in Sakhalin. In the event of war, Japan could keep her fleet behind this natural barrier, keep open communications with China and Korea and live upon the resources of these countries for an almost interminable period. The military strength of an opponemt would not figure at all because without a vastly superior naval strength, it would be impossible to land men on any of the Japanese islands, and there is no single nation whoih could spare a fleet sufficient for such an undertaking. Belligerently inclined Occidentals in the Far East who are convinced that war with Japan is not inevitable but desirable, get much satisfaction out of the great military strength which America showed during the European War, and out of the growth of the American Navy, which is now double that of Japan, believing, as one often hears, that the American Fleet could come over at almost any time and blow the Japanese Fleet out of the water. It seems almost inevitable, however, that if America or Great Britian, or any other power, were involved in a war with Japan, the latter country would see fit to keep her Fleet in the various seas behind her long barrier of islands, and to force her antagonist to expensive sacrifices in trying to rout her out. The American Fleet in the Pacific is about three-quarters the strength of the Japanese Navy. Transporting this Fleet to Japan would rob it of about thirty percent of its efficiency, so that its strength would be just a little more than half of the Japanese Navy. The Atlantic Fleet could, of course, be brought into the Pacific, But no such move would be made until America had assurance from every European Power of any strenght of its absolute neutrality Even then our effective strength in Japanese waters would be little more than Japan's, and the Japanese Fleet would have all the advantages of cover and of a ready supply of the materials

of war close at hand.

A Decisive victory over Japan under such cinditions could only be accomplished by some very rash ahd very brilliant move on the part of the attcking force, and if a few attempts at such movements were costly in ships, Japan would have an advantage which would virtually amount to a victory.

In sustaining such a defensive contest, Japan would rely very largely upon having Chinese resources at her command. The Japanese islands are not very productive of the minerals which go to make munitions of war, and at present Japan's own food supply scarcely meets the needs of her people. Her power of endurance in a prolonged conflict would therefore depend very largely upon her ability to get at the iron and coal deposits in China, upon which she now has a monopoly, and to keep communications open both by land and water. In the event of war, therefore, China's neutrality would be embarrassing and Chinese hostility might, if the pressure were strong enough from without, be almost fatal. It is to Japan's interest, therefore, to arrange matters in such a way in Peking that upon a declaration of war between Japan and any foreign power, the Chinese Government could be forced into an alliance with Japan. It the Chinese Government were a democratic institution, controlled by intelligent public opinion hostile of Japan, it would not be easy to force it into an alliance, and Japan, pressed for the materials of war, would find herself forced to make war upon China. If China were then as now, weak and thoroughly disorganized, this might not be much of an undertaking and would inconvenience Japan little more than an alliance. But a strong China hostile to Japan at such a critical time, could be of enormous service to whatever enemy Japan had in the field. This in itself is a sufficient explanation of Japan's policy in China. First of all, China must be weak and disorganized. Secondly, the growth of democratic government must be hampered. Thirdly, the Chinese

military force amenable to Japanese discipline, must be organized as a weapon with which to force an unwelcome alliance upon the Chinese people. Fourthly, Japan must have strong bases on the China coast, such as Foochow and Tsingtao, with good communications leading into the interior, so that a hostile China could be properly controlled and subdued, and so that food supplies and materials of war could be stored and shipped under efficient Japanese protection.

All of this the Chinese see clearly and they look forward with horror to the possibility of a war between Japan and any foreign power, believing that under existing conditions such a conflict would be the end of China's national existence. If Japan were victorious in such a war, China would at once find herself in the position of a Japanese dependency, while if Japan were defeated, China as her ally (the Chinese are convinced that such an alliance could be forced upon them) would be led to expect, if not actual dismemberment at the hands of the powers, a degree of foreign control which would only be less irksome than Japanese rule.

In the face of such a possible catastrophe, China has no policy, though it would not be difficult for America to make a policy for China if the Chinese people had any assurance that America would shape for herself a strong and consistant pro-Chinese policy.

As long as Japan feels that through her control of China, her position in the Orient is impregnable, there is no hope of binding her to a strict observance of the principle of equal opportunity in the Far East, and at the same time there can be no security for American expansion and trade development in any part of the Pacific. A well organized Chinese Government, controlled by Chinese public opinion, would on the other hand, so materially weaken Japan's strategic position that it would be a simple matter to maintain the "Open Door" in China, and to secure

American trade and development in the Pacific against Japanese meddling. It is therefore apparent that a strong China is as essential to America in the Pacific as a weak China is to Japan 's imperialistic ambitions, and by a strong China we mean one which democratic institutions control, and not one governed by a small militaristic clique, which Japan could bully or buy.

Since China's welfare is essential to America's future welfare in the Pacific, both political and commercial, the kind of a policy which America should shape for the Far East and should adhere to consistently with all her strength, is clearly indicated. We should give our strongest moral support and encouragement to every movement among the Chinese people which indicates an awakening of national consciousness. We should lend no money, sell no supplies and give no moral support of any sort to the militarists who are Japan's most efficient agents in her work of blocking progress in China. On the other hand, we should use every effort both through diplomatic influence and through propaganda, to discredit the militarists in the eyes of the Chinese people. Every American investment in China should meet with the approval of those classes of Chinese which are opposed to the militarists, and are endeavouring to build up democratic institutions, and whenever it is possible, such investments should be of a character directly beneficial to the Chinese people in their struggle towards democracy. It is commonly recognized that there can be no democracy in China until modern education and good communications are available to the people in every part of the country. China needs railways, telegraphs, schools, newspaper and small industries more than anything else. Our whole attention should be given to the encouragement and development of such institutions. At the same time, American business people should be given to understand that trading with Chinese officials and selling them materials and supplies which are of no possible use to the Chinese people, but which are

on the other hand designed to strengthen the hands of the militarists against the people, is trading with the enemy and is disloyal to America's best interests.

In China personal relations play a larger part in public affairs than in any other country. It can be readily understood that among officials especially, who are not guided by any particular principle or policy in the conduct of public affairs, an appeal in the name of friendship carries much more weight than it does in countries where official duty and responsibility are taken more seriously. Careful attention should be paid to this in China and American diplomatic and consular officials should be chosen with a view to their adaptibility and should be instructed to spare no pains in establishment close friendly relations with as many Chinese of all classes as possible. To this end a knowledge of Chinese is essential, and it should be America's policy to see that every American who intends to reside for any length of time in China, acquires some knowlwdge of the Chinese language, and that every American official has the time, the funds and the opportunity to travel about in China and make himself known personally to the greatest possible number of Chinese officials and men of influence.

SECRET

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
WAR DEPARTMENT

-1243
1766-1276
8

June 4, 1930.

BRIEF OF A PAPER ON JAPANESE ACTIVITIES AND CHINESE POLITICAL CONDITIONS IN SHANTUNG PROVINCE

The author of the paper is of unknown identity to the officer briefing the paper.

The author arrived in the province as an old friend of the present Civil Governor.

The Civil Governor then a spirit of hospitality and friendship until his influence with his official colleagues to make author's visit profitable.

Author states that under present system of administration a Chinese province is governed by a military governor, whose authority is supreme, who holds his position by virtue of his command over a certain number of troops and empowered to whom such functionaries as the Civil Governor and the local military commanders are of little account.

In this rule Shantung is now the exception. In that province there are three men of power, all of whom must be taken into consideration because all of them are likely to exert more or less influence upon China's immediate future, since Shantung is a point of immediate contact with the Japanese. In order of standing these men are

The Civil Governor, Ch'u Ying-hsuang
The Military Governor, T'ien Chung-yu
The occupation Commissioner and
Garrison Commander, Lt.-General Ho Ling

Author describes abilities of each of the above and makes a few remarks regarding their past careers.

Author formerly accompanied him at a dinner party given by the military governor at which the other two were present. During this dinner the conversation turned to Japan and her actions. The statement was made that should the American people hear of the Japanese actions in the Orient, that the outrages committed in Belgium by the Germans would seem gentle and befitting in comparison. Both are of Chinese sentiment this conviction standing this in detail.

General Ho Ying-chin made the statement that of the permanent Japanese population of 700 or of the total population of 2000 or more, he did not believe that over 10% were engaged in legitimate business.

Author states how when dealing with various Chinese officials in group he made every effort to avoid discussion of international affairs but endeavored to ingratiate himself as far as possible and join their conference, for in China much more can be done on an appeal to friendship than there may division of principles.

Author goes at length into a study of General Ho Ying-chin, viz., the revival of China's antique system of military training which includes wrestling and boxing. In connection a review during which some 300 or 400 soldiers go through, performed feats of strength beyond imagination.

He further states that he presumed General Ho Ying-chin to get the American Naval and Military Attaches' interested and believes that by so doing the General will become an enthusiastic admirer of America.

Author also discusses the fact that the three officials mentioned above are supposed to be Japanese appointments and agents but gives as his belief that the idea is entirely false and that under the surface all three of them have a deep hatred towards Japan.

Author devotes several pages to interviews with Civil Governor Ch'a Ying-hsung. He found that the governor was well versed upon matters of foreign policy, and that he had a clear understanding of Japan's purpose and of what America's and China's national policy should be.

The Governor also expressed the hope that he would see the American Asiatic Squadron in Chinese waters as often as possible and that they would visit Tsingtao because the impression which such a movement would make on the minds of the Chinese people would be great.

The author relates how the Governor also went into the subject of how the Chinese Railway guards which had existed under the German regime had practically all been replaced by Japanese, and that the Chinese guards which remained were never allowed near the stations. He further pointed out how Chinese bandits are employed by the Japanese and are given protection in the railway zone, from which they issue to commit outrages. He further discussed on the acquiring of property by Japanese at all points of value, either thru fair purchase

or by individuals.

In other conversations with the writer [illegible] Consul in Mukden the writer gives him of how Japan is shipping opium and other drugs into the provinces of Manchuria.

Author states how the Japanese cannot make his negotiations with the president of the Manchuria union and the editor of the most militant newspaper and that their conversations with these individuals he was able to keep his views from being ever silent.

Author states (page 24) that he noticeably observed in all his various conversations that there was an unanimity of opinion that a war between Japan and the United States was inevitable, in more than one instance the belief being expressed that the war was bound to come in less than five years unless prevented by a popular uprising in Japan against the militaristic-capitalistic hegemony.

The suggestion was also made that this hegemony would bring about a war for the purpose of giving the populace something else than peasant rights to think about, etc. The main question is whether the war will come soon enough to save China or will it occur after Japan has so subjugated China as to be in a position to force her into the position of an ally against the United States.

The paper concludes with a statement of the Japanese participation in the opium traffic carried on in the provinces.

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1920 JUN 4
1766-1243
DEPARTMENT

Interesting

SUBJECT: JAPANESE ACTIVITIES AND CHINESE POLITICAL CONDITIONS IN SHANTUNG PROVINCE.

The following letter from an American describes his experience at Tsinan in Shantung Province, China, as a result of a visit there in January, 1920:

"I arrived in Tsinan as an old friend of the Civil Governor of the Province, and was received there, by appointment, by the American who had originally introduced him to me, Mr. A.----A---, whose knowledge of the Chinese language, of individual Chinese officials and of the intricacies of Chinese politics, is unrivalled in the country. Advised by Mr. A----A---- of my coming, the Civil Governor, Mr. Ch'u Ying-kuang(to whom I shall refer hereafter for convenience as Chuyingkuang), was moved by a spirit of hospitality to give me the best possible impression of his capital and used all his influence with his official colleagues to make my visit not only pleasant but profitable. The secretariat of his office was put at my disposal and, in compiling information, which was attached to my general report, every department of the local government exerted itself to the utmost. His private secretary, a Mr. Hsu Tungfan, whose usual duties occupy about 16 hours a day, was placed at my disposal to be of assistance in making official appointment and in gathering information, and to this gentleman, I am much indebted for the facility with which I contrived to see and interview all persons in whom I was interested.

"The conversations which my former intimacy with the Civil Governor made possible with him and other officials, I consider the most valuable fruits of the trip, for they were largely upon Chinese-American relationships and were unusually frank, thanks to previous acquaintance and confidence. Popular report, even on the streets of Tsinan, which fails to take into consideration the difficult position of a Chinese official in a community which is a selected target for Japanese aggression, would have it that the Civil Governor, Chuying-kuang, the Military Governor, T'ien Chung-y (hereafter written Tienchungyu) and the Occupation Commissioner and Garrison Commander Ma Liang (Lieut.General) are all Japanese appointees and Japanese agents and that they are callously indifferent

to Chinese interests and are so dependent upon the Japenese paid officials in Peking that, whatever their individual inclinations, they are bound to support a pro-Japanese policy in Shantung."

"Thanks to previous intimacy with the Civil Governor, I knew this to be an absolutely false impression in his case, and thanks to the confidential relationship which he established between me and his colleagues, I have every reason to believe that it is equally false in their cases also.

"During the term of my visit the American consul made it possible, for me to interview the president of the student's union, an organization of 4,000 members, and the editor of the most radical newspaper, sonthat my impressions were not wholly one-sided. My general impression was that the official Chinese element was whole-heartedly in sympathy with the radical Chinese element in its opposition to shameless Japanese aggression, but that responsibilit of office restrained the former, while total lack of responsibility encouraged the latter to acts and expressions of thought which embarasses seriously the former, who have to deal diplomatically with the Japanese, and that this difference of position had lead to a difference of attitude which amounted almost to an open breach.

" At an informal dinner, at which the military governor, Tienchung-yu was the host, the Civil Governor encouraged his colleagues to a relation of anecodotes about their encounters with the Japanese illustrating the indulgence with which the Japanese officials, Consular, etc., sheltered and excused peccadilloes of their riff-raff constituency, and thus inspired bith General Ma Liang, generally regards in radical circles as a Japanese agent, and General Tienchungyu, who both launched upon a series of stories w which in themselves constituted a more whole-hearted damnation of Japanese policy in China than all the evidence which the United S States has yet had to consider in its debates upon the Shantung question. As Civil Governor Chuyingkuang remarked, after prefacin the sardonic statement that he was a Japanese appointee to his

present post, if the American people could know as much of the Japanese doings in the Orient as these anecdotes forth, or as much as any foreign resident of the Far East has stored in his memory, the German outrages in Belgium would seem puerile and trifling in comparison. General Ma Liang told on this occasion of the efforts which he had made to have a Japanese gambling house and a Japanese opium den, conducted under a full flare of lights opposite the entrance to the Japanese Garrison in Tsinanfu, closed and of the excuses made by the Japanese commander that such institutions were essential to Japanese revenue and the defraying of local expenses- all in a Chinese community under Chinese jurisdiction. General Ma also asserted that from his personal observation he did not believe that of the permanent Japanese population of perhaps 700 or of the total population of perhaps more than 2,000, more than 10 per cent were in legitimate business. Prostitutes, imported to corrupt Chinese morals, constitute a large proportion, he assured me, while among the shopkeepers a very few who displayed signs advertising cotton goods, enamelled wares, etc., had more in their shops than the small stocks of opium and morphine and the hypodermic syringes incidental to their traffic. "(Similar data is herewith appended.)

"It was my particular effort in dealing with these various Chinese officials in group to avoid a discussion of international affairs but to ingratiate myself as far as possible and gain their confidence, for it must be understood that, in China, where all are opportunists, without policy or political ethics, much more can be accomplished through an appeal to friendship than through any citation of principles and that a personal relationship between an American and a chinese is much morelikely to sway a Chinese in his judgment and actions than any national consideration or thou of policy. Of this the Japanese have taken full advantage.

"CHINESE OFFICIAL ADMINISTRATION IN SHANTUNG.

"Under the present system of administration the Chinese province is governed by a military governor, whose authority is

supreme, who holds his position by virtue of his command over a certain number of troops, and beside whom such functionaries as the Civil Governor and the local military commanders are of little account. To this rule Shantung is now the exception. There are three men of power and influence in the Province who must be taken into comsideration, all of whom are likely to exert more or less influence upon China's immediate future since Shantung is a point of immediate contract with the Japanese. Of these the Civil Governor certainly takes first place, both politically and by virtue of superior sagacity, military Governor Tienchung-yu comes second, though he has yet to declare himself in his new post, and Garrison Commander Ma Liang is an interesting figure who amy easily eclipse the Military Governor in any subsequent crisis."

"CIVIL GOVERNOR CHU YING KUANG is the youngest man of h official rank in China. He was governor of Chekiang Province at the age of 34 and now, at the age of thirty-eight, he has been deputed to sit upon what is generally conceded to be the powder barrel of China. For several years past he has been living in retirement in Peking, acting as an adviser upon southern affairs to General Chin Yun-peng, the present premier, and to Marshal Tuan Chi-jui, the ex-premier and the grand controller of the northern military party which has been responsible for so amny Sino-Japanes loans of evil repute. Chuyingkuang came into office last summer as civil governor of shantung at a time when the whole northern party was believed to be committed to the advancement of Japanese ends, and was popularly regarded as a Japanese tool if not actual a Japanese appointee. His appointment was, however, secured through the influence of Mr. Pan Fu, a wealthy and intensely patriotic native of Shantung Province and through the influence of General Chin Yun-peng, now Premier, who is a fellow townsman of Mr. Pan Fu and who has since made a feeble effort to organize among the northern militarists an anti-Japanese faction in opposition to the strong pro-Japanese element led by General Hsu Shu-

cheng, Marshal Tuan Chi-jui's favorite and most able lieutenant. Chuyengkuang took up his post as a suspected Japanese agent and in a few months, without the support of his constituency, which still suspects him, has been able to eject from the province his superior the military Governor Chang Shuyuah, who was a faithful representative of the pro-Japanese General Hsu Shu-chang, and to have appointed in his place General Tienchungyu, formerly governor of the semi-Mongal district of Chahar, governed from Kalgan. Chuyingkuang has undoubtedly sacrificed the support of the stronger element of the northern military faction under the leadership of the pro-Japanese Hsu-Shu-cheng and if his sponsor the present Premier Chin Yun-peng falls from grace his position will certainly be precarious, but in the meanwhile, inspite of the popular conviction that he is a Japanese agent, he is certainly making every effort to maintain Chinese prestige in Shantung where Japanese aggression, sanctioned by the terms of the Paris Peace Conference, has given Japanese agents all confidence and what they interpret as a free hand. He is not a man to make an open declaration of war upon Japanese interests or to openly avow particular policy, but I have been convinced for years that he is one of the cleverest officials in China and I believe that in a subtle Chinese way he will prove to be one of the most dangerous enemies to Japanese interests in Shantung, if he is permitted to hold office. His attitude towards both America and Japan is expressed in interviews which I had with him and which I shall report later on.

"TIENCHUNGYU, MILITARY GOVERNOR, who assumed office December 26th has, to all intents and purposes, Chuyingkuang's candidate for the office and will presumably act under the latter's directio during his tenure of office. Tien is a man of strength of charact and great determination, amounting to stubborness when he is cross but has no great intellectual attainments. He is regarded by the Chinese as a bluff and honest savaga, who will serve as an instrument in the hands of such a consummate intriguer and diplomat as

Chuyingkuang. The radical press heralds him as another Japanese employee but I have heard him recite in a veritable sweat of emotion his encounters with Japanese officials and nationals in his previous posts in Soochow and Kalgan and have heard him assert with the stubborn determination which is characteristic of him that they will gain much through his assumption of office unless it is by provoking him to some act of desperation in which he will forget to be guided by Chuyingkuang's diplomacy.

"GENERAL MA LIANG is the commander of about 15,000 troops, belonging to the 2nd division and a Mixed Brigade, elements in what is now known as the Frontier Defense Army. This force as a whole is generally regarded as little better than a Japanese auxiliary force and is looked upon with bothjealousy and resentment by all military forces and factions in both the North and the South. It was originally created as the War Participation Army, then when the war failed to furnish an excuse for its existence, it became the National Defence Army and still later, when General Hsu Shu-cheng, serving Japanese interests, decided to use Mongolia as a field further concession, selling to the Japanese and as a base for his control of the Peking Government, it became the Frontier Defense Ar. Now while General Ma liang is the commander of such an important element in this army, it seems very doubtful indeed whether he known or cares anything about the political purpose behind its organization. He is a man of most peculiar temperament, understood by few; sincere in everything he does, he is much more easily led than driven. Tactless opposition drives him to a frenzy and prompts him to outrages which have made his name execrable in the ears of leaders of the present popular movement, but on the other hand a very little flattery and cajolery makes of him a ready instrument and this, the Japanese recognizing, accounts for most of the conduct which has branded him as pro-Japanese. He is very loyal to his friends, outspoken on all subjects and almost reckles. ly courageous in the face of any danger.

"General Ma Liang is a Mohammedan, 48 years of age, and is a native of Paotingfu, Chihli Province. He has held many high military posts and was for many years instructor in the military academy at Paotingfu. The post of Governor of Shantung was offered him by Yuan Shih-kai in 1915 but he refused it, and it is generally conceded that he has no particular ambition but takes more delight in military instruction than anything else.

"A hobby, which amounts almost to an absession with him, is the revival of China's antique system of military training, which included the native wrestling and boxing, still assiduously studied in Shantung, upon which the Japanese system of Jiu-jitsu was founde The masn passing through his system of training is an expert wrestler and boxer, is expert in the use of such weapons as the broad sword, the sabre, the lance, the halbert, the quarterstaff, and many other antique weapons peculiar to Chinese armament. Their ability and physical endurance in remarkable and they test themselves by cracking paving stones on their backs and heads and by breaking bricks on their faces and between their fingers. This has to be seen to be believed and to impress me General Ma held a review, several hundred men going through their exercises and tests. Tgis show lasted for several hours and a more amazing performance of skill and strength and endurance I have never seen. As a result of eighteen years' experience in such training, General Ma has compiled a number of books on his military and semi-military drills, copies of which he presents to all eho seem interested. In the last decade he has trained more than 150,000 men in these exercises and between 30 and 40 thousand school children. The Japanese pretend to take a great interest in this revived military 'science' and have sent nearly every officer stationed in Shantung to witness his reviews and exhibitions, thereby gaining come hold on General Ma's regard. As he is supposed to be anti-American and to have cast his lot with the Japanese, I went to Tsinan with the definite purpose of ingratiating myself with him and of seizing

every possible opportunity to put in a good word for America. My enthusiasm for his system of training and my expressed intention of bringing some American officer to see his show made an impression upon him and at a later conference I had an opportunity to discuss Mohammedanism sympathetically and at the same time to lecture on international politics. General Ma became so friendly on the basis of these talks that he confided to me that he had laboured indefatigably for twenty years on his system of physical and military training in the hope that it might put a little backbone into the Chinese people and enable them to resist foreign incursions and aggressions and that he had consistently refused to teach any branch of it to the Japanese though he had received many requests for instruction. He said, however, that he believed America's friendship would be valuable to China and that the introduction of his 'science' into our system of military training might serve to cement an alliance, so that he would be glad to undertake the solemn duty of instructing us in ancient Chinese tactics. He would take a hundred on to America if we liked and introduce it or he would begin by initiating the American Legation Guard in Peking into the mystery of his teachings. I expressed great appreciation of this officer, which I could see was made with sincere enthusiasm, and said that an essential step towards introducing his teachings would be a visit from the military and naval attaches, so that they could view with their own eyes, the marvels that I had beheld and in that manner be convinced of the genuine merits of his system. I promised to use all possible influence to have our attaches visit Tsinan with me and witness the show. General Ma came to the railway station when I was leaving to hear me reiterate this promise and was pathetically eager and excited about it. I have not the slightest doubt that I could fulfil this promise and if a few American officers were to go to Tsinan and enthuse over his show, General Ma, whose influence among military leaders of the old school is great, would be

inseparably attached to American interests and might prove valuable as an ally in Shantung. Allowances must be made for his evident simplicity of mind and it must be remembered that in him the Chinese do not see an eccentric faddist but an excellent scholar and an accomplished military leader of great courage and determination. He confided to me that he had the faculty of seeing prophetic visions and of interpreting his own dreams, which will probably afford some clue to the nature of his mind. In addition to what I have written of this man, I can only add that he is fairly consumed with energy, that he sleeps four hours a day, eats a minimum of the simplest food, treats his soldiers as his 'Little brothers' but exercises an iron control over them. In newspaper reports he is represented as the personal enemy of the Civil Governor and a jealous rival of the Military Governor. I had several opportunities of seeing all three together and of hearing discussions of business and policy and, if I am any judge of Chinese I should say that General Ma is entirely ready to cooperate with both of his superiors and will probably work exceedingly well with Military Governor Tienchungyu, while Governor Chuyingkuang finds Ma rather trying at times on account of his eccentricities but will cultivate him and make use of him because of his standing among the older military men and because of his manifest ability to control troops.

"INTERVIEWS WITH GOVERNOR CH'U YING KUANG."

"Ihad several opportunities while in Tsnanfu to talk with Civil Governor Chuyingkuang. On one occasion he talked at some length upon what the Japanese were doing in Shantung, and at another time we had a discussion of international politics, of American policy and of what American policy ought to be. I found the Governor extremely well posted upon matters of foreign policy, with a clear inderstanding of Japan's purpose and of what America's and China's national policy should be. His ideas upon these subjects coincided in almost every rrspect with my own, and I have

embodied the whole argument in an article which I have entitled "WHAT AMERICA'S POLICY SHOULD BE", and which I have appended to this.

"GOVERNOR Chy expressed the hope that America would sometime appreciate China's position in the Far East, and that she should adopt a consistent policy in support of China's best interests, at the same time making as much show as possible of power to gain the confidence of the Chinese people and to impress upon them America's strength. He was particularly eager, he said, to see the American Asiatic Squadron in China waters as often as possible, and he hoped that the vessels of this fleet might some day visit Tsingtao because the impression which such a movement would make upon the minds of the Chinese people would be great, and would stimulate confidence in America. In discussing the American Government, he said that he had observed that the State Department, and all officials under its control, were conservative and that they failed to appreciate the significance of current events in the Far East, and the importance of an American policy there. It seemed to him, he said, that the Naval and Military people whom he had met at various times, not only had a better understanding of Japan's strategic position, but were also readier to adopt a policy which would be of tangible benefit to both America and China, in the East. When he later supplied me with certain definite information about the Japanese military organization in Shantung, he gave it to me on condition that it be used by the Naval and Military Attaches in Peking only, and that it should not be communicated to the Legation in Leking, because that institution had shown on other occasions lack of discernment and discretion, and did not any longer inspire him with confidence.

"In his discussion of Japan's occupation of Shantung, Governor Chu made the following statements:"

"Under the German regime in Shantung, the railway guards on the line from Tsingtao to Tsinan, as well as the great majority o

laborers, mechanics and employees, were all Chinese. Since the Japanese have taken it over, Japanese garrisons have been stationed not only in Tsingtao and Tsinan, but at strategic points along the line as well, and the Chinese railway guards have been reduced in number and are now so completely under Japanese control that they are not permitted to approach the line at all, and only view the railway stations from afar off. Mechanics and others have also been replaced by Japanese in great numbers. All along the line of the railway, the Japanese exercise jurisdiction over the Chinese, not only within the thirty li belt, which is known as the railway zone, but outside it as well. At the various stations along the line, notably at Poshan, the Japanese are acquiring much property, paying fair prices to Chinese land owners when the land is for sale, but forcing others to sell through persecution, and in some instances boldly confiscating land, especially where it is Chinese Government property.

"Chinese bandits are employed by the Japanese, and are given protection in the railway zone, from which they issue to commit many outrages, a favorite employment being that of kidnapping Chinese property owners who refuse to sell land to the Japanese, and holding them for such a high ransom that they are forced to sell out to redeem themselves. Such persons when not redeemed by their families are invariably tortured and killed. Much of the property, especially mining property now being purchased by the Japanese, is bought by Japanese bad characters with the profits from the illegal export and sale of Chinese copper cash, in which traffic, while it was profitable, the outlaws were given the protection of Japanese officials and were afforded every facility for exporting the contraband over the railway.

"Governor Chu and General Ma Liang have both gone carefully in to the question of Japan's imports of opium into Shantung. Their agents have reported that the average import of opium into Tsingtao is seventy chests a month, which opium is valued in the Chinese

market at $10,000 a chest. A very large percentage of this opium is grown in Korea, the Kuantung leased territory, and in Formosa, while a small percentage is Indian opium reshipped from Japan. These shipments do not include the very large import of morphine, cocaine, etc., upon which Governor Chu had no definite figures. The sales in Tsingtao through Japanese agents are not large. The bulk of the various poisons is sold by Japanese in small communities along the railway and in Tsinan, who get their stocks through the Japanese post offices.

"In Tsingtao, Governor Chu says there are eighty Japanese firms with a capital of more than $100.00 and between two and three hundred firms capitalized at various figures between $10,00 and $100,000. All of these, he says, are buying Chinese property not only within the Concession, but in the surrounding country as well. Two wharves have been built and two more are planned, which when completed will take up the entire waterfront, so that no matterupon what terms tsingtao is eventually administered, all property will be in the hands of the Japanese.

"Governor Chu, like most Chinese believed Tsingtao is lost because China could not, and would not, pay the exorbitant price which the Japanese would put upon their property holdings and their public improvements, and that the Japanese will remain the masters of the part until they are forcibly and their properties confiscated. He says that he is no longer concerned about recovering Tsingtao, but is trying to limit Japanese expansion into the interior of the province, and that vto protect the Chinese living along the line of the railway from bandits, opium smugglers and property buyers working in the interests of the Japanese, he is going to establish a chain of chinese garrisons paralleling the line, and that he hopes to place a full division along the railway without attracting Japanese attention."

From another report the following comments bearing upon General Ma's attitude are important:

"According to Mr. N.F. Allman, acting U.S. Consul at Tsinan-Fu, the hold secured by the Japanese upon the officials of the province is not so complete as is popularly supposed. While it is true that the new civil Governor is a Anfu man, it is hardly accurate, according to Mr. Allman, to describe him as pro-Japanese; he could, in fact, hardly be such and he at the same time so well disposed to Americans.

"Mr. Allman also stated that the declaration of martial law in Tsinan Fu, usually attributed to General Ma Liang, was on the contrary a trick palyed upon him by his enemies in order to discredit him with the public. The declaration was issued not by Gen. Ma, but from Peking, andthe expectation, which has been more than justified in the event, was that the General, through the necessity which he would incur of enforcing the declaration would become exceedingly unpopular, and thus be removed from the field as a possible future political leader. Mr.Allman states that most of what Gen. Ma has been accused of in the way of tyranny has been done in accordance with the terms of martial law, and that, further, the very outspoken pro-Japanese attitude ascribed to him is much exaggerated, and that he never made the statement of which he was accused, that it was wise to curry favor with Japan since she was providing the means of livelihood for himself and his men, and that Japanese domination over China would be as beneficial as that, for example, of Great Britain over India.

"One of the noticeable things observed in the various conversations had in the course of this inquiry was the unanimity of belief that an armed conflict between Japan and the United States was inevitable. In more than oneinstance the belief was voiced that war was bound to come within five years,unless anticipated by a popular uprising in Japan against the militaristic-capitalistic bureaucracy. The suggestion was also made that possible this bureaucracy would endeavour to bring about war for the very purpose of distracting the attention of the Japanese workers from their

own wretched economic condition. At all events it is clear that the bureaucracy are doing all in their power to foster the belief among the masses that the highly unsatisfactory state of affairs existing among them is due to nothing else than American interference with the efforts of the Japanese authorities to better the condition of the people. That there is a certain amount of justification for this is undeniable, for without the moral support of America, the Chinese would scarcely have dared go as far as they have done in resisting the efforts of Japan to secure control of the material resources of the country and to expand the markets for her manufactures.

"It appears to be the conviction of the bureaucrats that the United States, while no doubt sympathising with China, will limit herself to mere protests, and will not go to the length of taking up arms on China's behalf. Consequently it appears likely that in Shantung at least they will continue to push their schemes without paying any attention to America's protestations. That the Japanese, or any class among the Japanese, desire war, appears unlikely, save perhaps as a last resort either to prevent the frustration of her continental plans or in order to divert the current of popular discontent from their own ruling classes and turning it against the United States. It remains to be seen how deep is the feeling in the United States against the progressive looting of China's material resources which Japan is now carrying on, and whether the desirability of retaining the good will of the Chinese nation and a fair opportunity to participate in the development of China's markets and resources will be sufficiently apparent to the American people to induce them to insist upon whatever may be necessary to secure this good will and these opportunities. It is this question which is agitating the minds of the thinking Chinese of Shantung today, and which I had constantly propounded me by almost all the Chinese with whom I talked. That war between Japan and the United States over China is bound to come

seems to be accepted by them as a foregone conclusion. The questions is, whether it will come in time to save China, or whether by the time it comes Japan will have so strengthened her hold over China as to be in a position to compel her to declare war against the United States as an ally of Japan."

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AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
PEKING.

December 28, 1918.

2129

#1734.

WAR DEPARTMENT
NOTED M.I.B.

From: Military Attaché to China.

To: Director of Military Intelligence.

Subject: Newspaper Translations.

NOTED
C. B. T.
M. I-1

COMBAT

1.- Attached hereto are translations from vernacular Chinese newspapers published in Shanghai, on the subject of the Chinese Internal Peace Conference.

W. S. Drysdale

W. S. Drysdale,
Major of Infantry, U. S. Army,
Military Attaché.

Encl.: Newspaper Translations.

HRR/SYL.

REC'D, M. I. B., O. C. S. FEB 7 1919

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PEACE CONFERENCE

OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch.
FEB 11 1919
WAR DEPARTMENT
NOTED, M.I.B.

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2129-5

Nov. 26. (Sin Wan Pao)
The New P arliament announced unofficially that in case the Government should dissolve it, it would follow the precedent of the South by moving to Fengtien to carry through their sessions.

A telegram from Hongkong states the Military Government in Canton is much divided in opinion among themselves.

Feng Shi-yu (馮自由) in the name of Overseas Chinese circulated a telegram opposing peace move.

Li Shun wired to the Tuchuns who are now in Peking asking them to send representatives to the Peace Conference which is to be held in Nanking. Tsao Kun declared that his province Chihli can send no man to this meeting. All the Tuchuns there held the view that such a conference as of national character ought to take place in Peking instead of Nanking.

After various efforts Li Shun has succeeded in winning over the Northern leaders to hold the proposed conference in Nanking; but the Southern leaders advocate to hold it in Shanghai after the precedent of the Peace Conference during the First Revolution in 1911.

According to reports from Hankow, Lu Yung-ting is willing to support the Peking Government on condition that he be reinstated to be Inspector-General of Kwangtung and Kwangsi.

Wu Ting-fang announced his views in the Canton Parliament that unless the bogus president be deposed and the bogus parliament be dissolved, no peace would he talk with the North.

The North and the South have agreed to send ten representatives each to the Peace Conference; but whereas Li Shun having acted so far as the go-between can neither represent the North nor the South, he is trying to organise a third party composed of ten well-known retired officials from various provinces including Hsiung Hsi-lin, Chang Chien, Tsang Shih-tsah, etc.

Nov. 27. (Sin Shun Pao)
Li Shun wired to the Central Government to the effect that Tang Shao yi requested to hold the proposed conference in Nanking and asked the Central Government to send ten representatives.

Tang Shap-yi wired to Peking that even though facts must first be considered, a conference is inevitable. The name of the conference is indifferent to him; but he requested to settle all things as soon as possible, and he also asked for instruction. (?)

Feng Kuo-chang wrote to Hsu Shi-chang urging him to ~~organize~~ create arbitrarily an ~~function~~ organization to negotiate peace.

Tang Shao-yi wired to Hsu Shi-chang that the South would never be willing to be dealt with as anything inferior in rank while talking peace, and should he follow this policy, he is not only getting nearer to peace, but farther off. Tang advocated that the North and the South ought to be ranked on a equal footing, and all problems to be discussed should be entirely trusted to the conference, while no party should append any condition beforehand.

28. (Sin Shun Pao)
Hsu Shi-chang called on Tuan Chi-jui personally as the latter did not agree with the peace move.

Chien Neng-hsuen replied Li Shun that the question of the parliament cannot be openly discussed at present.

As Chien Neng-hsuen favors immediate opening of peace negotiations, Hsiung Hsi-lin has out four telegrams conveying Chien's opinion, one to Li Shun asking him ~~if~~ about means of procedure of the projected conference, another to Chuan ~~C~~ Tseng-hsuan, the third to Lu Yung-ting, and the fo urth to Tan Yen-kai, hoping them to transmit same to the Southern leaders.

Li Shun has transmitted Tan Yen-kai's telegram to Peking. Tan is unwilling to undertake the task of maintaining order in Hunan.

Chuan Tseng-hsuan wired to Hsu Shi-chang to the effect that it is a good opportunity to make peace; but the South considers the meeting called by the Peking Government is a token of insincerity toward peace on the part of the North. He further stated that the Military Government has over and over again shown their readiness to accept peace, but the Northern Tuchuns have so far never expressed their view.

Nov. 26. (Shun Pao)
Chang Tso-lin oppesed against that the Cabinet should have authorised Li Shun to head the Peace Conference; but advocated to hold it in Hankow. Some papers which are their mouth-piece have started a campaign to this effect.

Tuan's party advocate~~x~~ to hold the peace conference in Hankow, and gradually appeaf~~x~~ that they are jealous with Li Shun.

Chien Neng-hsuen wired to Li Shun acknowledging Lu Yung-ting to be Inspector-General of Kwangtung and Kwangsi, Tang Chi-yao Inspector-General of Yunnan and Kweichow, but Szechuen was not mentioned.

Hsiung Hsi-lin, Chang Chien, and Nin Ku-chen have wired to Li Shun saying that they will come to Nanking immediately.

Nine representatives have already arrived.in Nanking. The provinces not represented are Fengtien, Kirin, Heilungkiang, Fukien, Chekiang, Shantung, Anhui, Hunan, Kiangsi, etc.. Li Shun entertained the re~~x~~presentatives at a foreign banquet the other day.

It is learned that Li Shun will go to Peking to see Hsu Shi-chang to have a personal interview.

The exact place for holding the projected peace conference has not been decided. The Anfu Club and the Northern generals advocate to hold it in Peking. Li Shun has again become cool in the peace move.

Nov. 29. (Sin Shun Pao)
Hsu Shi-chang called on Tuan Chi-jui personally on the 27th inst.; the latter blamed Premier Chien for having given way to the South. The Anfu Club hearing this is trying again to impeach Chien. Chien went to the President's Palace last night to tender his resignation. Hsu answered,"If you want to resign, I will resign too."

The Peking Government sent Li Shun six clauses to be followed while

making peace with the South. (1) Li Shun shall negotiate with Lu Yung-ting and Tang Chi-yao only for the time being, excluding the Military Government. The conclusions thus derived shall be settled with instructions from the Peking Government. (2) In negotiating with Lu and Tang, Li shall use his individual name alone without attaching the names of the Tuchuns of Hupeh and Kiangsi; and the Central Government is not going to authorize any other man to confer with the South. (3) Lu Yung-ting shall be reinstated to be Inspector-General of Kwangtung and Kwangsi by Presidential Mandate, and Tang Chi-yap shall be appointed Inspector-General Of Yunnan and Kweichow. (4) The questions of Hunan and Szechuan shall be dealt with separately, while the forces in Shensi and Fukien shall be considered as "tufeis", or local bandits. (5) The government will issue orders to cease hostilities with the forces in Hunan; but Szechuan, Shensi, and Fukien are not included in this respect. (6) All military expenses and funds to be used after cessation of war of the Southwest shall not exceed the amount decidad upon by the Central Government.

Li Shun has transmitted these six clauses to Li Tso-chang, Chief of Staff to Wu Pei-fu, asking him to get Wu's attitude toward them. Wu replied that ~~negarding~~ the (1) clause, the North and the South shall be ranked on a equal footing in the peace conference, and the conclusions shall be ~~enforced~~ restricted by both parties. Regarding the second clause, Li Shun, Chen Kwan-yuen, Wang Tsuan-yuen, and Tsao Kun should join again as they have connexions with the peace move. Referring to the third clause, such steps as are to be followed by re-appointing Lu Yung-ting to be Inspector-General seem but like a bait. As to the fourth and fifth, Szechuen, Shensi, Fukien, and Hunan should not excepted in the conference; but fighting shall also be ceased in these provinces. With regard to the sixth, the amount of military expenses shall be decided by the conference, but not by the Peking Government.

The American consul of Canton had an interview with Wu Ting-fang telling him the importance of making peace at this time, otherwise all other nations will also ~~k~~ lay the blame on the South.

Hsu Shi-chang sent Advisor Hsiung Ping-chi and Councillor Hsu Shou-chien (徐宇謙) to Nanking to give Li Shun some important hints to be followed regarding peace.

Nov. 30. (Sin Wan Pao ~~sent~~ (telegram to Peking showing Tan) Li Shun ~~telegraphed~~ Tan Yen-kai still advocating to bring together delagates in order to form a conference.

Dec. 1. (Shun Pao)

Lu Cheng-tsiang wired to Wang Cheng-ting, Wu Chao-chu, and Kuo Tai-chi asking them to accompany him to Europe to partake in the World Paace Conference. Wang and the others have replied him by urging him to ask Hsu Shi-chang to settle our domestic affairs immediately; but they are not willing to go to Europe.

As there are militarists in the South as well as in the North, it appears that peace is not very hopeful at present, so the diplomatic corps in Peking is going to send another note of a certain form to our Government, warning us to make peace as soon as possible.

In answering the enquiry raised by M.P. Sia Shih (謝持), the Military Government recognises Hsu Shi-chang as the head of the opposing party.

Tan Chen-feng (譚人鳳) in a telegram to the old parliament opposing to make peace with the North.

The Peace Conference has been decided to be held in Nanking, and the house formerly used by the Conservancy College will be used for the meeting place. Sze Yu has been appointed to make preparations for the coming meeting. Eight delagates have already arrived.

Dec. 2. (Shun Pao)

Li Shun wired to the Peking Government to the effect that the Southwest have come together in opinion toward the peace conference, and asked Peking to send high officials to represent the North. Premier Chien is discussing this matter with ~~with~~ Tien Wen-lih, because many Tuchuns of the North are jealous of Li. Tien is the fittest man for this appointment.

Premier Chien wired to Li Shun on ~~Dec~~ Nov. 30th telling him the intention of the Government to hold the proposed peace conference in Shanghai. The Cabinet also sent a similar telegram to Chuan Chun-hsuan.

It was resolved in the Cabinet Meeting, Nov. 30th, that Fang Sung-tao and Hsui Shon-tse of Fukien shall be considered as "tufeis", and Li Hou-chi has been instructed to put down their insurrections.

Ling Shao-fei telegraphed the Peking Government ~~from~~ that the Southwest demands the payment of half of the military expenses from the North. As no definite amount has been agreed upon, Hsu Shi-chang rejected this demand.

The Peking Government wants to known the exact number of troops of the Southwest, and wired Li Shun to find it out.

Li Shun wired to the president and the premier stating that the Southwest has given orders to cease war with the North, and such procedure suffices to show the sincerity for peace of the Southwest. He asked the president to declare instantly his motive of reuniting the South and the North and his policies of administration after the peace.

Li Shun wired to Peking that all the Military Administrators of the Southwest oppose against the combination of the New Parliament with the Old Parliament, as this step is totally illegal. According to Tang Shao-yi's view, the members of the New and Old Parliaments can never come together, as their beliefs are absolutely contradictory to ~~each other; but he adds~~

each other; but he adds that this suggestion may xx constitute a new theory, but can never be realized.

Dec. 2. (Sin Wen Pao)
Wu Chao-chu asked the British Consul of Canton to telegraph Lu Cheng-tsiang, asking the xxxxxx xx xxx North to recommend the Military Government of Canton to the United States, so that it may send delagates to accompany Lu to Europe to take part in the World Peace Conference.

- C. T. Wang wired to Li Shun saying that he favors peace at this time, and he is coming back to China soon.

One certain retired politician wired to the Government that the most important demand of the Southwest is the payment of military expenses. As to the ways of distributing them, Chuan Chun-hsuen has given out in an important letter that $4,000,000 to pay the xxx troops of Yunnan, Kweichow, Szechuen, Kwaagtung, and Kwangsi, due them previously; $6,000,000 to return certain loans,; and $4,000,000 for concluding military operations, making a total of some $15,000,000; funds necessary after peace is made shall be provided by the Government too.

Dec. 3. (Shun Pao)
Defence Commissioner of Kiangnin Chi Sih-yuan has been appointed by Li Shun as Chief of the Bureau For Making Preliminary Ppeparations for the Peace Conference. This bureau was formally opened on the 2nd inst. The formal opening of the Peace Conference cannot be definitely predicted till all terms have been arranged between the North and the South, and delagates from all provinces have arrived. It is estimated that xxxx the earliest date will come not before twenty days from date. By that time the Provincial Assembly will have adjourned, and their building will be used for the conferance meetings.

Li Shun sent Sze Yu up to Peking to report the progress made for the conference. Sze started at 6 p. m. on the 1st inst.

Three important representatives came to Nanking in the midnight of the 1st inst., and were received with honor by Li's sub-officers. Their names are unknown.

Li Shun wired to Peking asking the president to clear the political dissensions soon, as they may block the progress of the peace move.

Chang Tso-lin wired to Li Shun expressing his unfavorable views toward the peace conference. Li attributed Chang's opposition to the instigation of a certain party, and felt indignant after perusing the telegram.

Li Shun sent Councillor xx Liang of the Department of Military Supplies to Peking with Sze Yu.

Chiang Tso-ping ( ) and Liu Kia-tsien ( ) came from Hupeh by river steamer to Nanking to have an interview with Li Shun. They went to Shanghai to meet some of the important Constitutionists on the 2nd inst.

The seven Military Administrators of Canton sent a joint telegram to Hsu Shi-chang on the 1st inst. asking him to open peace conference immediately.

The tuchunate at Peking advocate that the present peace is a different case with that of 1911, and the two parties cannot be considered as equal powers. They insist to hold the conference in Peking, or at most Hankow, but not in Nanking.

The Southwest protest against the name of the conference to be called Shuen Hou Hui Ni (善後會議), which shows that the North is treating them as tufeis.

The Northern Government has brought Lu Yung-ting and Tang Chi-yao to acknowledge the using the name of Shuen Hou Hui Ni, and the North and the South will send either ten or fifteen delagates to the meeting, which is still to be held in Nanking.

Premier Chien has sent out telegrams to Chuan Tseng-shuen, Tan Yen-kai and Li Shun promising to call a peace conference.

Chang Chien wired to Hsu Shi-chang saying that he is not willing to enter the Cabinet, nor to take part in the Peace Conference; but he would use his personal name to bring about a compromise.

It is reported that Li Shun and Chien Neng-shuan have come to an understanding the old Constitution will be cancelled during the peace conference; but it is doubtful whether the South would acknowledge such measure or not.

The new military party formed by the tuchuns in Peking will soon announce their views towards the solution of present day affairs as follow:-

1. The disbandment of troops shall be enforced first in the South among the southern armies. The number of troops disbanded shall be even.
2. Division Commanders shall be abolished; but brigadier generals will take their places.
3. The disbanded soldiers shall be paid first. The officers of the northern troops shall still be paid as usual, even after their troops are disbanded.

Dec. 4. (Shun Pao)

A special meeting was convened in the President's Palace on the 3rd inst. at 9 a.m. Hsu took the chair, and there were present Tuan Chi-jui, six tuchuns, namely, the two Changs, Tsao, Wang, Ni, and Meng, and the whole body of Cabinet Members. Hsu first brought forward the note from the Allied Legations. It was unanimously resolved to comply with the demand of the seven Military Administrators as expressed in their joint telegram to hold a peace conference in Shanghai. The Government will send delagates to the conference in a few days.

The British Minister invited all the noted Chinese officials and gentry in the capital to dinner; but the tuchuns were omitted.

The ~~Senior foreign minister~~ Doyen of the Diplomatic Corps in Peking called on our Minister of Foreign Affairs asking him if it is true that Tuan is going to be premier again. He was informed that such may be the personal opinion of some politicians, but cannot be taken for granted.

Hsu has drafted a paper for solving the present contentions. With re-

gard to the parliament, he advocates that the Southwest shall submit to the new Election Laws, and send their repredentatives to the New Parliament; but as to the Constitution, the drafted bill of the Old Parliament shall be recognized. Negotiations for concluding peace will be conducted either in Hankow or Wuchang. His paper will soon be published.

The North is intending to appoint Tien Wen-lih, and the South has already appointed Tang Shao-yi as representatives to the peace convention.

Chien Neng-hsuen wired to the Southwest that Li Shun has been officially appointed to make preparations for the peace convention. The number of delagates from each party is to be decided according to convenience of circumstances.

Lu Yung-ting telegraphed Hsu Shi-chang asking him to settle ~~[illegible]~~ the question of legislation at once, or else the Southwest will have unexpected movements. Lu consented to give the vice-presidency to the North as compensation.

The Military Government wired to Hsu Shi-chang acknowledging the foreign settlement of Shanghai as the suitable place for the peace convention. The convention shall be conducted on such a basis that the North and the South are to be represented equally in rank, as in the case of 1911.

Chuan Tsan-hsuan and Wu Ting-fang will send a protest to the North as Lu Cheng-tsiang's mission to Europe as Peace Delagate has not been sanctioned by the Old Parliament and the Southwest.

Li Shun is going to recommend Wen Shi-tsen as Commisioner of Foreign Affairs of Kiangnin and concurrently ~~Superintendent~~ Director of Customs of Kingling-kwan (Nanking).

The Military Government acknowledges Hsu as President in a telegram, and demanded that the Old Parliament may send delagates to attend the peace convention. (The demand is ambiguous according to the Chinese wording.) J.C.C.)

To the Peace Convention, each province is to send two delagates.

Dec. 5. (Shun Pao)

A joint meeting was held in the President's Palace on the 3rd inst. Hsu Shi-chang interpreted that the note from the five legations does not mean foreign intervention of internal affairs, nor does it mean the recognition of the South as a belligerent. Tuan then made the following speech:- "The reason why I advocated armed policy toward the South has been for the attainment of unification throughout our country. Now the great war in Europe has ended, and peace begins to be put on foot. Every nation shall delagates to the world peace convention to represent the nation as a whole, but not to represent a part of it, hence I have no inclination to maintain my former policy. I deeply hope that all will support our president's policy in order to procure the bliss of peace." Tsoa Ju-ling followed by saying that he also hoped for peace, so that military expenses may be reduced and industry may be developed. Hsu Shi-chang spoke again, saying, "I have never had the desire to come out to public ~~[illegible]~~ service; but in order to appease public sentiment I cannot but accept the presidency. Take for instance the case of the new cabinet, there are people who would not excuse me in such a plight. Should everything go on in this ~~wise, how can~~

wise, how can I bear this tremendous responsibility?" Upon hearing these, the three tuchuns namely, Tsao, Chang, and Ni consented to influence the M.P's. who oppose the new cabinet.

In the meeting on the 3rd inst., Tuan strongly advocated peace. Tsao Kun and Chang Tso-lin showed some opposition. Hsu Shi-chang then assumed a strong tone in expressing his view. Tuan and Tsao Ju-lin followed by speaking strongly in favor of peace. As a conclusion, it was resolved to hold the peace convention in Shanghai. Tien Wen-lih has not openly consented to be the chief representative of the North in the peace convention. Finally, the question of the disbandment of troops was discussed. All the tuchuns agreed to reduse their forces, and Tuan proposed to disband first those troops who have no arms. ~~first~~. It has been estimated that a sum of $100,000,000 is needed to put things to their original state again.

Tien Wen-lih would not be the Northern representative. Chu Chi-jen may take his place, The seven Military Administrators of Canton sent a telegram to the Peking Government through a certain foreign consulate in Canton, agreeing to hold the peace convention in Shanghai, but opposing to hold it in any of the foreign concessions.

The Diplomatic Corps in Peking sent a similar note to the Military Government, and on the same day wired to their respective consuls in Canton to notify the Military Government that such step did not mean to recognize the South as a belligerent.

The Military Government in a telegram to Hsu Shi-chang expressed its sincere hope for genuine peace, and recognized Shanghai as a neutral place for holding the peace convention after the manner of that of 1911, to which equal numbers of delagates will be sent from the opposing parties, and in which questions of politics as well as law will be solved. Hsu replied that further negotiations will be transmitted through Li Shun to avoid the using of such forms as presidential mandates.

Hsu invited Hsiung Hsi-ling and Waung Tah-sih to his palace on the 2nd inst. to discuss matters concerning the peace move between the North and the South. He also asked them to exert their whole effort to effect the success of the movement.

Dec. 6. (Shun Pao)

Hsu Shi-chang has sent out his reply to the seven Military Administrators of Canton approving to negotiate peace, and has instructed the Cabinet to discuss means of procedure. The Cabinet has another reply for the seven Military Administrators conveying the same meaning of approving peace; but the telegram had not been sent out till 6p.m. of the 5th inst. The point of disagreement lies in the choice between the alterhatives whether the convention shall be held in Nanking or Shanghai, whereas the latter place is not without some misrepresention as of assuming an air to give shelter to the convention under foreign protection. The Cabinet desires the convention to be held in Nanking. This telegram was ~~to be~~ forwarded to Canton through the Diplomatic Corps at Peking.

Chu Chi-jen called on Hsu Shi-chang at noon on the 5th inst.. He has not promised to be the Northern representative.

Li Shun has appointed Hsia Fu-an (謝傅安), Wen Shi-tsen (溫世珍), Peh Chien-Vu (白堅武), Chu Tsen-ni (朱兆儀), Chen Yung-kia (陳用甲), and Ker Chuan (葛權) to be managing secretaries of the Bureau for Making

Preliminary Arrangements for the Peace Convention.

Li Shun has given out orders prohibiting the local press of Nanking to publish any news or telegrams opposing the peace move.

Sze Yu has reached Peking, and sent a telegram to Li Shun reporting on his interview with Hsu and Tuan.

Dec. 7. (Sin Wan Pao)
It has been decided to hold the peace convention in Shanghai, but outside the settlement. In the meantime contentions about law and facts will be solved simultaneously.

Wang Tse-tsiang is going to Canton via Nanking.

Sun Yat-sen wired to the Military Government expressing his opinion toward the peace convention. He held that the Old Parliament ought to be allowed to resume full power in executing its duties, while other proposed provisions may be dealt with with mutual concessions.

One hundred thirty M.P's. of the Old Parliament jointly signed a circular telegram to the whole country announcing their readiness in formulating a new constituion, electing a president, and reforming the election laws of the two houses.

It is likely that Chien Neng-hsuen will be appointed Chief Representative of the Northern Government in the Peace Convention.

The Bureau For Making Preliminary Arrangements For The Peace Convention was ordered to cease proceeding By Li Shun on the 5th inst., as news has been received from Peking that Tang Chi-yao of Yunnan insisted upon holding the Convention in Shaghai, after the precedent of that of 1911. Tang Shao-yi is also in favor of holding the peace convention in Shanghai.

Dec. 7. (Shun Pao)
Hsu Shi-chang is intending to appoint Waung Tah-sih to be the Chief Representative of the North to the Peace Convention.

Sun Yat-sen wired to the Military Government of Canton and the Old Parliament, saying that since President Wilson is the chief supporter of pacifism, we ought to request him to be our mediator.

The official circles of Shanghai have received instructions from the Central Government notifying them the determination of holding the Peace Convention in Shanghai, and that ten delagates have been appointed to come south in a few days, It is learned that the South will also send ten delagates to attend the meeting, and the meeting-place will be in the settlement.

The Chungfu News Agency reported on the 6th inst. that the Peace Convention is to be held in Nanking, according to the desire of the Peking Government, which has wired to Li Shun to ~~talk~~ arrange this matter with the Southwest.

Hsu Chuen (徐謙), Sun Yat-sen's representative in the Military Government, announced that he no longer opposes the peace move as before, but will follow the opinion of the majority, since the Consular Body of Canton has so kindly expressed the hope of the fives countries

they represent to see immediate peace in China.

Dec. 8, 1918 (Shun Pao)

Hsu Shi-chang sent a formal telegram to the seven Military Administrators of Canton favoring peace on the 5th inst., and stating that methods of procedure will be touched upon in the telegram of the Cabinet.

The president and the premier both sent telegrams to the Canton Government on the 5th inst. The premier's telegram may be analyzed under three headings: (1) the procedures taken by the Central Government in bringing about peace;(2)the place for the peace convention to be in Nanking for two reasons, namely, both Nanking and Shanghai are our national territory without such discrimination as Shanghai being neutral, whereas Nanking is more favorable for the government may exercise fuller rights in administration.there; and the other reason lies in the fact that the convention of 1911 was between two opposing nationalities, and cannot be compared with the present case: (3)in the sending of delagates, the provinces are not to be counted as units; but the North and the South should send ten each. In conclusion, the premier asked for immediate reply.

Each ministry of the Peking Government is to send one delagate to the Peace Convention, while a Chief Delagate will be appointed by the president. Tien Wen-lih, Waung Tah-sih, and Hsiung Hsi-ling are all unwilling to be appointed to be Chief Delagate. It seems that Chu Chijen will take this post.

The following policies have been resolved upon by the Anfu Club, or in other words, by Tsao Kun and Chang Tso-lin:-

1. In complying with the policy of peaceful unification, the Club agrees to support the "mutual security" ( ) between the North and the South.
2. To maintain the status quo concerning the presidency.
3. The Revised Organisation Laws and the Election Laws shall not be revised again or abolished without the sanction of the Parliament, or after the formal issue of the Constitution.
4. The important points of the Constitution shall be revised with the unbiased opinion from different circles in order to attain the real motive of amendment.
5. The appointment of high officers and officials in different provinces shall lie in the power of the president; but shall not be included in the peace terms during the convention.

Sze Yu wired to Li Shun that he is coming to Nanking with Liang in a few days.

Dec. 9. (Sin Wan Pao)
Chao Ping-ling presented a memorial to the president recommending Chien Neng-hsuen to be the Chief Representative of the North in the Peace Convention, upon four reasons, namely:

1. The present convention is endowed with great responsibilities of administration.
2. The type of delegate from the North will be taken as standard by the Southwest, in their appointment of a delegation.
3. The solution of problems concerning Legis-lation and the formulating of a Constitution have direct bearing on the very foundation of our country.
4. The premier can command greater credit than any others.

It is reported that the president has been moved by Chao's arguments, and Chien's appointment was more confirmed on the 8th inst. Since the rejection from the Houses to pass Chien's Cabinet, Chien has been in grave indignation. He may seize this chance to elevate his personal standing in the hope of preparing his way to be the future premier. He has engaged Sze Yu and Kuo Che-yun (郭則澐), and two others to accompany him south.

Chien Neng-hsuen is intending to attend the Peace Convention in Nanking to keep himself away from the political turmoil in Peking.

Within the last few days, the military and political circles of Peking have been endeavoring to recommend delegates for the Peace Convention. Hsu Shi-chang told Chien Neng-hsuen to dissuade them from doing so to avoid possible protest from the South.

Intelligence from Peking dated the 8th inst. states that Chu Chi-jen will represent the North in the Peace Convention.

A certain politician suggested to Hsu Shi-chang that all points to be brought forward in the convention shall be mutually agreed to by both sides before the formal opening of the convention.

As the World Peace Conference will take place next spring, it is hoped by the Peking Government to conclude the peace negotiations in our own country before that time. The Premier wired to Li Shun on the 6th inst., instructing him to hasten the Southwest to send delegates to the peace convention.

The would-be delegates from the North, some of the Southern delegates, some retired politicians, and the leading figures of the different peace organizations held a joint meeting in Tientsin on the 4th inst., and have agreed upon the following resolutions:

1. To maintain Chien's Cabinet, in order to hasten the success of the peace movement.
2. To send ~~experts~~ law to Nanking to ~~to~~ discuss with the Southern delegates in the solution of present day contentions.
3. To co-operate with the well-known persons who are free from party prejudice, in the hope to gain more practical force.
4. To come into contact with the Nien-kiu Party and the Tao-lung Party and all other opposing factions in order to reduce possible obstacles on the way to peace.
5. To request the retired officials who hold close friendship with the Southern leaders to bring about compromise with their personal influence, to facilitate the coming together of their various opinions.

Dec. 9. (Shun Pao)
It has been decided to appoint Chu Chi-jen to be the leader of the Northern Delegation to the Peace Convention.

Waung Tah-sih, Hsiung Hsi-ling, and Chu Chi-jen have consented to represent the North in the Peace Conventiom. Hsiung is going to Nanking first.

According to a report from certain Japanese source, Tuan Chi-jui has drafted a note expressing his opinion toward the peace convention, and presented same to Hsu Shi-chang for approval. Though Hsu has not expressly accepted nor refused his views, yet it is probable that Tuan's views will be brought forward first, and if they prove inexpedient, Hsu would then express his opinions to the judgment of the people. Here are Tuan's views:

1. THE CONSTITUION-A committee shall be appointed from both parliments to discuss and resolve the provisions set in the drft, as passed after the Second Reading last year.
2. THE PARLIAMENT-The New Parliament of the North shall not be dissolved for the time beimg. When the Formal Constitution has been framed and sanctioned, a new parliament will be called according to the new election laws; but for the present, the South shall send their representatives to the New Parliament of the North to fill up the Vacancies.
3. MILITARY EXPENSES-Funds necessary for disbandment of troops in the North and the South alike shall be met with by the Central Government.
4. THE EMPLOYMENT OF OFFICERS-All officers of the South shall be guaranteed by the Central Government of the continuance of their service.
5. SZECHUEN & HUNAN-The Tuchun and Shengchangs of these two provinces shall be appointed by the Central Government from the natives of their reppective provinces.

Nov. 25. (Shun Pao)
The Cabinet wired to Li Shun stating that the peace conference between the North and the South shall be called "Shuen Hou Yeh Ni Hui" (善後協議會), or The Association For Negotiating Future Betterment. This is to avoid the possible impression made on the minds of the Northern tuchuns that the North and the South are to be represented on a equal basis. The conferance will still be held in Nanking.

Tan Yen-kai wired to Peking to the effect that since the Northern Government would not recognize even the mere term of calling the conference a "conference", other things may be easily understood. He is also afraid that the government would only disband those soldiers who advocate peace and are liable to maintain order; but retain the corrupt ones.

Tang Shao-yi's representative came to see Li Shun the other day to tell him that Tang is ready to sacrifice his view of maintaining the Old Parliament.

Han Ping-li wired to Peking from Hongkomg stating that the Southern leaders demand that Wu Ting-fang be appointed Minister of Foreign Affairs, Li Lih-chuen Minister of War, x and Ling Pao-she Minister of Navy in the next formal cabinet in Peking.

Most of the delagates from different provinces demand the peace conference be held in Shanghai. Li Shuh wired to Peking asking for instruction.

Nov. 25. (Sin Wan Pao)
In a meeting held in the President's Palace last Friday night, the 22nd inst., Chang Tso-lin and Ni Shi-chung said that the South does not favor peace, and that time has not come to withdraw their troops from the front. President Hsu said emphatically that they cannot but choose peace at this crisis, and even though hostilities must be renewed, the present armies cannot be used again. Being thus convinced, Chang and Ni agreed to withdraw their troops as scheduled.

At the banquet held that same night in the President's Palace, some proposed that Government should send delagates to the peace conference instead of having Li Shun act asx medium.

The Military Government of Canton has ordered their troops to strictly maintain their defence lines until further order.

Being attacked by the Tuchuns, Speaker Liang Shih-yi will soon tender his resignation.

THE ESTABLISHMENT OF NATIONAL MILITARY
TRAINING BOARD OF THE LU CHUN (Regular Army).

Translated from the "Yi Shih Pao",
August 29, 1919.

"For unifying the country's military forces, the establishment of a military training board is at present an important question. Yesterday the Mixed Office of the General Staff and Army opened a meeting and in relation to this matter some persons were recommended and proposed. From a reliable source we learned that the Government in regard to this question has decided to erect such an organ and to call it the National Military Training Board of Luchun. The military forces of the whole country are going to be divided into four sections, namely, eastern, western, northern and southern, and in each section a General Director will be appointed to look after the training affairs. It is also reported that the Military Training Department of the War Participation Bureau is going to be reorganized for this project."

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From - "North China Star," Tientsin, China.

September 9, 1919.

[redacted]

From - "North China Star", Tientsin, China.

September 6, 1919.

[redacted]

MILITARY FLYING CORPS, China.

Translation from - "Kung Yen Pao", Peking - Anfu Reactionary.

"General Chang Huai-chih, Chief of the General Staff, is considering the organization of a military flying corps, the officers of which are to be selected from among the graduates of the Aviation College at Nanyuan. General Chang has drawn up plans in this connection and submitted them to the Government for consideration and execution. The Government is also requested to instruct the Ministry of Finance to appropriate the necessary funds for that purpose."

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SINO-JAPANESE INCIDENT AT CHANGCHUN.

Translation from "Kung Yen Pao" - Peking - Anfu Reactionary.

"The Sino-Japanese negotiations regarding the recent incident at Changchun were commenced between the authorities of the two countries at three places, Peking, Fengtien and Changchun, on the same day, the 8th instant. According to the views of the Tokyo Government, the Japanese Ministry in Peking should only discuss with Minister Chen Lu what is necessary to be taken up with the Central Government, and leave other matters to the Japanese Consuls in Fengtien and Kirin. It is stated that only one demand was presented by Mr. Obata to the Waichiao Pu on Monday, but its contents are not known.

Those matters relating to the three Eastern Provinces are to be taken up by the Japanese Consul at Fengtien with General Tso-lin, Inspector-General of the Three Eastern Provinces. It is understood that the Japanese Consul presented five demands to General Chang Tso-lin, which the Japanese Minister also mentioned to Minister Chen Lu for reference.

The Japanese Consul at Changchun and the local Chinese authorities there are simply making investigations into the causes of the fracas.

According to another report, the Japanese Minister presented altogether six demands to the Waichiao Pu authorities on Monday. Only one is to be complied with by the Central Government. It is that a document is required to be dispatched to the Japanese Government embodying the Presidential Mandate issued on July 22nd about the Changchun incident, as an expression of apologies to Tokyo. The other demands are said to be: (1) Compensation of the Japanese soldiers killed and wounded: (2) compensation for the damages sustained by the Japanese residents involved in the fracas: (3) punishment of the Chinese soldiers involved in the fracas: (4) guarantee that there should not be any recurrence of such an incident. The fifth is not definitely known, but there is reason to believe that it concerns the stationing of Chinese troops in the city of Changchun."

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From - "Shuntien Shih Pao" - Peking - Japanese.

"Yesterday the Government discussed the six demands presented by the Japanese Minister in connection with the Changchun affair. It is stated that the Government considers the demands of the Japanese Goverment as reasonable. "

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CHINESE NAVY.

Translation from "Kung Yen Pao" - Peking - Anfu Reactionary.

"The Government has received a report from the Commander of the 2nd Fleet stating that the warships to participate in the coming Autumh Manouevre have arrived at Hukow and the manouevre will commence on the 10th instant. Admirallan Chien-shu, Commander-in-Chief of the Navy, in a telegram to the Government says that he left Shanghai for Hukow on the 8th instant to review the fleet. It is understood that the Central Government has also despatched some delegates to the South to review the manouevres.

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From - "Shen Pao", Shanghai - Non-party.

"After China's declaration of war against the Central Powers the year before last fifteen German and Austrian warships were seized in Chinese waters. As the Ministry of the Navy was badly in need of vessels for service at that time, two Austrian ships were turned over to the said Ministry and twelve others were chartered to the China Merchants Steam Navigation Company and the Ta Ta Company by the Ministry of Communications.

As the lease terms of these enemy ships were to expire at the close of the European War, the Ministry of Communications intended to take back these vessels for the organization of a steamship company, which would itself be for the promotion of navigation. The Ministry of the Navy, however, raised opposition to this scheme advanced by the Ministry of Communications. As a result of joint consultations between the two Ministries a memorandum was submitted to the President several months ago regarding the final disposal of these confiscated enemy ships. As a compromise, it has now been decided that the proposed steamship company will be jointly organized by the two Ministries. In this company a Director-General and a Co-Director will be appointed also jointly by the two Ministries, and branch offices of this company will be established in Tientsin, Shanghai, Amoy and other leading ports with head-office in the Capital. A portion of the annual profit made by this company will go to the Ministry of the Navy, and the remaining portion to the Ministry of Communications. After a definite decision has been arrived at between the two Ministries, preparations for the organization of this company will at once be started."

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From "Shuntien Shih Pao" - Peking,- Japanese.

"The Minister of the Navy, Admiral Liu Kwan-hsiung, has absented himself from the two previous Cabinet meetings. Admiral Liu is said to have submitted a memorandum to the President regarding the refusal of the Ministry of Finance to secure funds for him to defray the naval ~~xxxxxxxx~~ expenses. The payments have been held in arrears for several months, and he has intimated his

intention to resign. THE recent quarrel between himself and the Ministry of Communications in connection with the dispoasl of the enemy ships is said to be another cause which has prompted his resignation."

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From - "Chen Pao", Peking - Progressive Party (Chinputang).

"Just at a time when a compromise is likely to be secured in the quarrel between the Ministries of the Navy and Communications concerning the seized enemy warships, two other official organs, the Ministry of Finance and the Ministry of Agriculture and Commerce, have also joined in the struggle. Now the possession of eleven enemy ships is under dispute among four Ministries, and it is doubtful who will turnout the final victor."

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PROPOSED PEKING-JEHOL RAILWAY.

From - "North China Star".
September 9, 1919.

[redacted]

From -"Peking Leader"
September 7, 1919.

Mr. Yoshizawa's Recent Visit.

[redacted]

Peking-Jehol Railway as Security.

Many reports are current that during his recent visit to Peking Mr. Yoshizawa proposed to the militarist leaders that he would arrange for them a loan of sixty million dollars on condition that negotiations concerning the Shantung question were conducted directly between China and Japan. The rumours are receiving much credit in several quarters.

According to one report the security for this loan in the proposed railway line from Peking to Jehol, as this line cannot be more than 200 miles in length it is doubted by competent authorities whether the Japanese would accept it as security for a loan of sixty million dollars.

JAPANESE PROPAGANDA.

From - "Peking & Tientsin Times", Tientsin, China.

September 13, 1919.

PEKING SERVICE.

(From Our Own Correspondent.)

"HUKWANG HSUN PAO'S" ATTACK ON AMERICA.

A JAPANESE INFLUENCED PAPER.

Peking, Sept. 12.

The *Hukwang Hsun Pao*, a vernacular daily, published at Hankow under Japanese influence, has for the past two or three months been putting out almost every day articles attacking the Western Powers. The Americans have [illegible] in the attention of the *Hukwang Hsun Pao*, but the [illegible] have been neglected, and even the French and Italians have come in for a share of the editor's attention.

CONSORTIM A DEEP-LAID PLOT BY AMERICA.

The last few issues of the *Hukwang Hsun Pao* have contained much editorial comment on the new Consortium, which the editor is trying to make his readers look upon as a deep-laid plot by America for commercial and industrial supremacy in the Far East. He states that the Consortium is a direct attack against Japan, on the part of the United States and that through it not only will Japan [illegible] her great trade with China, so beneficial to both countries, but China herself will become nothing more nor less than the commercial play-thing of America.

PACIFIC WAR HINTED.

The leader in the last issue of the *Hukwang Hsun Pao* to hand goes so far as to hint that the new Consortium will kill British and French trade in the Far East and also hints at a war for the hegemony of the Pacific in the near future. A translation of this document follows:

"AMERICAN PAPERS' GRUDGE"

"Owing to the opposition of the Japanese Press and the Chinese patriots it is now possible that the proposed new Consortium will not come into being. With this fact as the basis of their grudge, the American papers have begun to attack Japan and have said that Japan will isolate herself by not joining the Consortium. At the same time the American Press has called the Chinese opponents of the Consortium traitors to their country. It is indeed a pity that the Americans should have had recourse to this last resort!"

WOULD BRING ABOUT CHINA'S RUIN.

"Once established the new Consortium would bring about the ruin of China and, eventually, of entire Eastern Asia; hence it is feared by Japan as well as by China. As for the British and French, these peoples might or might not get their share in the resulting partition of the Far East; but in any event they would not be overwhelmed by the influence of American gold."

"IF SUCH A WAR SHOULD COME."

"Hence it is more than probable that the plans for the new Consortium will fall through. Even if formed it can have but a nominal existence, unsupported by substantial strength. However, while the Consortium project is still brewing a war may break out in the Pacific, and if such a war should come I would infinitely rather join the army and attack the Americans than die at their hands without the means of defending myself. Is this not a wise policy for us all to follow?"

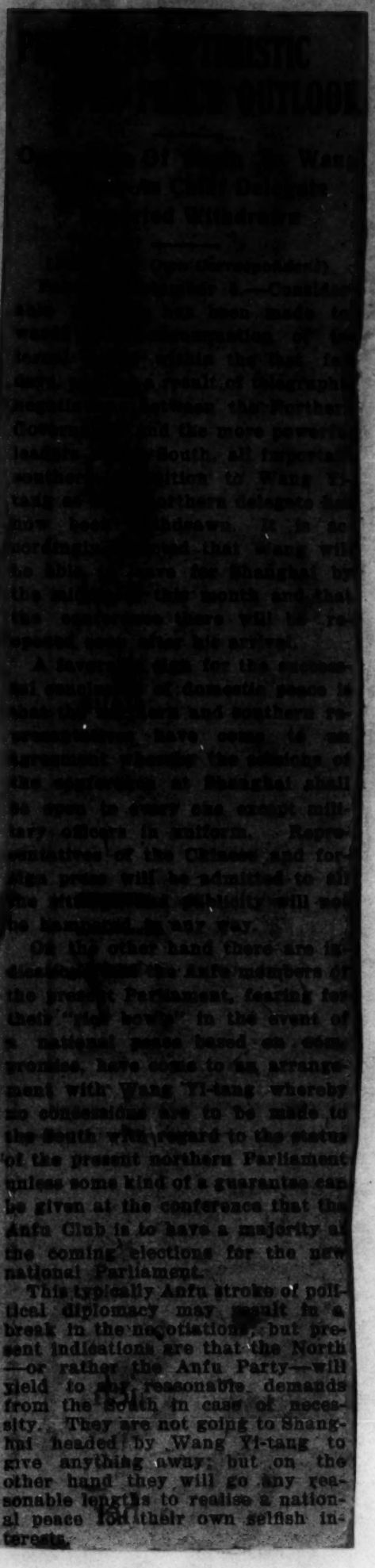
JAPANESE OFFICIAL PROPAGANDA IN MONGOLIA.

According to the vernacular papers' reports from the Post Office at Chihfeng states that every day about sixty copies of newspapers in the Mongolian language have been received from Fengtien addressed to the Consul of a certain nation named "Pai-tiao-tai-yan." The paper, not being officially registered, attracted the attention of the clerks of the Post Office, who began to keep a careful watch. It has been discovered that on receipt of these papers, the Japanese Consulate readdresses them and sends them on to the various Banners in the interior. It has further been discovered that as there is an agent for the West Wendutsh Banner, he has received direct from the said Consulate a bundle of such papers every mail for transmission. Upon further investigation it is found that the contents of these papers are of a highly inflammatory nature. The Mongolians are told that they belong to the same race as the Japanese, and not to that of the Chinese; and that should the Mongol begin to have any feeling of nationality Japan would do all she could to give him reserved assistance. The Chinese have been represented as tyrants and usurpers treading under foot the rights and privileges of the natives. The Mongolians are asked why they should not assert their independence since their ancestors had achieved worldwide renown in the art of war and civilization, and their vast natural resources are sufficient to conquer China instead of taking the yoke willingly, etc.—*P. D. N.*

PROSPECT OF PEACE

From -"China Press", Shanghai, China.

September 10, 1919.



[illegible] Of Peace By Wang
[illegible] As Chief Delegate
[illegible] Withdrawal

(Special Correspondence)

[illegible] September 8.—Considerable [illegible] has been made to [illegible] occupation of [illegible] Tsinan, while the [illegible] a result of telegraphic [illegible] between the Northern [illegible] and the more powerful [illegible] South, all reports of [illegible] opposition to Wang Yi-tang [illegible] Northern delegate [illegible] now been withdrawn. It is accordingly [illegible] that Wang will [illegible] for Shanghai by the [illegible] this month and that the conference there will be reopened soon after his arrival.

A favorable sign for the successful conclusion of domestic peace is [illegible] and southern representatives have come to an agreement whereby the sessions of the conference at Shanghai shall be open to every one except military officers in uniform. Representatives of the Chinese and foreign press will be admitted to all the sittings and publicity will not be hampered in any way.

On the other hand there are indications that the Anfu members of the present Parliament, fearing for their "rice bowls" in the event of a national peace based on compromise, have come to an arrangement with Wang Yi-tang whereby no concessions are to be made to the South with regard to the status of the present northern Parliament unless some kind of a guarantee can be given at the conference that the Anfu Club is to have a majority at the coming elections for the new national Parliament.

This typically Anfu stroke of political diplomacy may result in a break in the negotiations, but present indications are that the North —or rather the Anfu Party—will yield to any reasonable demands from the South in case of necessity. They are not going to Shanghai headed by Wang Yi-tang to give anything away; but on the other hand they will go any reasonable lengths to realise a national peace for their own selfish interests.

[illegible] further [illegible] with [illegible] domestic peace situation your correspondent is informed that Wang Yi-tang will not go so far as to permit the cancellation of the appointments of Hsu Shu-chang and Chang Tso-lin to their present posts; and indeed Wang's position [illegible] on this matter is clear and at the same time reasonable enough, for Hsu and Chang are strong enough to throw over any peace agreement that leaves them out in the cold. The very object of the President and the moderate elements in the North, as well as the object of the Wang Yi-tang wing of the Anfu Party would be defeated by any agreement that [illegible] over Chang Tso-lin and Hsu Shu-Hsu. The President and his followers, supported by Wang Yi-tang and his clique desire peace as soon as they can get it. They realise that the country can no longer go on as it is, and each of them for his own reasons wishes to end it and [illegible] the present impossible situation.

THE PRESIDENT AND THE ANFU CLUB.

PEKING & TIENTSIN TIMES, TUESDAY, SEPTEMBER 9, 1919

PEKING SERVICE.

(From Our Own Correspondent.)

THE HANDICAPPED PRESIDENT.

THE ANFU CLUB'S SINISTER INFLUENCE.

Peking, Sept. 8.

Considerable influence is being used to prevent Premier Kung Hsin-chan from tendering his resignation. It is known that he has drawn it up and that it was his intention of presenting it to the President a few days ago; in fact, he gave the hint out himself. The President, however, is anxious that no changes should take place in the Cabinet until after the question of internal peace has been settled. The three Yangtsze Tuchuns have also wired to the Government and to the Premier stating that it would be most unwise to leave the position of the Premiership vacant at the present moment or to appoint a new official to fill Mr. Kung's place. It is stated that the chief reason for the Premier wishing to resign is that it is impossible for him to secure funds to meet the payment of troops and other current expenses. It is said that while the estimated monthly deficit was ten million dollars it is really much larger. The reckless manner in which the various Tuchuns have been recruiting new troops during the past year with the object of further strengthening their own positions has added a burden to the many already resting on the shoulders of the administration, so that the weight has become almost insupportable. The news of mutinies and the state of unrest prevailing among certain military units is causing considerable anxiety to the Peking Government and they are practically turning over every cent of available cash to pay the troops for fear of further disorders. Yet we find the Anfu Club in a position to spend large amounts of money to carry on their propaganda. That they are getting their money from outside sources there seems to be no doubt. But the question is how long are they to be able to continue to receive these large sums unless they can give a *quid pro quo*. It is quite understood that the Anfuites and their military supporters are willing to further the interests of those who are paying them to do this sort of work, but the time must come when they will have nothing to give their paymasters. There must also come the time when the people of this country will rise up in their wrath and revenge themselves on those who have sold their country for a few paltry shekels. The Anfu Party now control the situation and there appears to be little hope of any other party becoming strong enough to oppose its evil influence. They have money, they have military strength and they have the support of the Japanese, because they are willing to cater to the latter. They are willing to join hands to block any constructive measure that any of the other powers may try to put into operation. The fact that they are working together is shown by the manner in which the Japanese official organ, the *Shun Tien Shih Pao*, and the papers under the influence of the Anfu organization continue to oppose anything that is not Japanese. Not only do they oppose any such measures, but they distort facts and spread false reports with the object of working on the ignorance of the masses so that their own opposition will be supported by the people. The President at the present moment is nothing but a figure-head. He is allowed no money, and has not received any for many months past. He is compelled to carry out the wishes of the pro-Japanese military and Anfu organizations whether he wishes to or not. The President, through having no military support or strong political backing, is as helpless as a baby. As soon as he shows any attempt to act independently he has pressure brought to bear on him, and all his good intentions and attempts to pull the country together are frustrated. He is probably in a worse position than has been the case with any other President since the inauguration of the Republic. From the moment that the militarists put him in power this was forecasted, for it was known that they were working to consolidate all power in their hands and in this they have succeeded. That the President has done all in his power to assert himself and to try and better the conditions of the people is generally granted, and much sympathy is expressed for him in his present position. The worst of it is there is very little hope of his ever being able to overcome the military clique with its Parliamentary mouth-piece.

The latter are sufficiently strong to force anything through Parliament suitable to their purpose. They are strong enough to suppress any paper that has the temerity and courage to voice opinions that are detrimental to them. They are using the same methods to suppress and over awe the press of this country as the Japanese, and there can be no doubt that their close intimacy with them has resulted in the present [illegible] measures to prevent freedom of opinion and speech. It is impossible to believe that any self-respecting Chinese who has the good of his country at heart could support the Anfu organization if he knew the power that [illegible] wields that [illegible] ing out in [illegible] Some of the [illegible] should a man oppose the pro-Japanese organization in any way, shape or form, it would not be long before he was behind the bars, and should be lucky if nothing worse happened to him. The pro-Japanese militarists' organization is ruining the country and securing its aims through a reign of terrorism. Might is Right with them, the weak and feeble must go to the wall. This organization is the curse of China to-day; it is preventing the progress of China and on the other hand is pushing it further into the mire and mud and accumulating a debt that must in time lead to internal supervision of the country's finance and other departments. The strong manner in which the Japanese are supporting this organization while giving the Japanese certain momentary advantages will in the end do them so much damage that they will suffer for many a long year to come. Instead of assisting this country to advance along the road of progress they are doing everything they can to retard it. They are encouraging China to maintain a large army knowing that it will bring financial ruin on this country. They are encouraging or forcing the Chinese to purchase or give them future orders for arms which are of an inferior quality and at a price much in advance of their real value. Japan is getting rid of her obsolete weapons of war and at the same time getting rich. China is the "goat" and despite the fact that the Japanese at every available opportunity suck the life blood out of this country in the shape of indemnities, charges for damages and by other means, the Anfu Club willingly sacrifices the dignity and the riches of this country merely with a view to enhance its own position and financial gain. The names of the members of the Anfu Club should be secured and posted up everywhere so that the people could learn by heart the names of those who are selling this country, and that when the time came they would know upon whom the blame rested for putting them under the yoke of those who are not of their own nationality. The name of the pro-Japanese Anfu Club, when the full force of its activities becomes really known, will become offensive to the nostrils of the Chinese for many years to come and all those who have been connected or have served with them in the enslaving of this country will be placed in the same category.

MILITARY NOTES.

"NUMBER OF TROOPS STATIONED AT EACH STATION ALONG CHINESE EASTERN RAILWAY.

Translation from "Eung Yen Pao", Peking, September 12, 1919.

Since the arrival of Tuchun Pao at Kirin, he has divided the line of Chinese Eastern Railway into three sections, and each section has a Commandant in Charge of all the troops stationed within his section, so that the defensive measures may be carried out separately. The whole line of this railway contains 33 stations. At each station has been located a strong force. The number of troops at the stations is reported to be as follows:

1. Manchuli - - - - - - - - - - - - 1 Regiment.
2. Hai-la-erh - - - - - - - - - - - 2 Battalions.
3. Po-ke-tu - - - - - - - - - - - - 2 Companies.
4. Nien-tze-shan- - - - - - - - - - 1 Company.
5. Mien-tu-Ho - - - - - - - - - - - 1 Company.
6. Cha-lan-tsun - - - - - - - - - - 2 Companies.
7. Fu-la-erh-chi- - - - - - - - - - 2 Companies.
8. Ang-ang-hsi- - - - - - - - - - - 1 Company.
9. Anta - - - - - - - - - - - - - - 1 Battalion.
10. Man-kow ------- ---------- 1 Company.
11. One company stationed in the region just opposite to Ch'ing Shan (mountain)."

- - - - - - - - - - - -

" THE NEW MILITARY LAW.

Translation from "Tsinan Jih Pao", September 10, 1919 - Japanese.

The Ministry of War, for the purpose of reforming military discipline, has recently addressed a despatch to the Yamen of Shantung Tuchun to the effect that the following new four articles of military law are expected to be strictly performed by various organs in Shantung, etc.

1. Any officer who deducts soldiers' pay, no matter what the quantity may be, will be punished as if guilty of delaying military movements.

2. Any persons who receive bribes or seek their own profits in purchasing arms, which cause failure of strategems, in case it is proved to be true, will be executed under Martial Law.

3. Those soldiers who combine or conspire among themselves for the purpose of creating troubles against the Government will pay the penalty of death.

4. If in any battalion the number of deserters is over 100, the Commandant of the same will equally deserve punishment.

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M I L I T A R Y _ N O T E S .

[redacted]

From - "Peking Leader",
September 13, 1919.

From - "North China Star",
September 9, 1919.

[redacted]

[redacted]

From - "Peking & Tientsin Times",
September 11, 1919.

GOVERNMENT EMBARRASSED

TROOPS TO BE PAID.

The President has instructed the Ministry of Finance to pay the frontier forces in Szechuan, Chinese Turkestan and Urga from the proceeds of the Customs Revenue Surplus which the Diplomatic Corps has consented to release to the Government. In case the surplus is not turned over to the Government within ten days the troops are to be paid with funds raised on the security of the surplus.

ARMY MUST BE KEPT IN GOOD TEMPER.

The Government is trying hard to keep the army, most of which has not been paid for four or five months, in good temper by part payment of the arrears of salary; and in the case of the frontier troops, on whom much depends, full and regular payments of salaries are to be made if possible. It is felt that in the present unsettled state of the country, due to the revolution and to the discontent of the entire people as a result of the Treaty of Versailles, the army must be kept loyal to the Government and aloof from any movement that tends to embarrass the Government. This can be done only by giving the army plenty of discipline, good food and equipment and, above all, regular pay.

DISORDER AND CONFUSION IN THE SOUTH.

According to a telegram received in Peking from Canton, greater discord and confusion reigns between the various factions in the south and the position there is daily becoming more serious. The telegram states that Tan Hao-ping has arrived at Canton with a large force of Kwangsi troops with a view to dominating the situation. The Military Government is urged to issue an order dismissing Mo Yung-hsin from the acting-Governorship. On hearing this Tuchun Mo immediately summoned six regi-

"North China Star" - September 7, 1919.

[redacted]

Prompt Action Of Loyal Soldiers Helps Government

Li [redacted]

[redacted] HAS NO EFFECT

Acting President Kung Again Refuses President's Call to Cabinet Chair Without Powers

Associated News Agency

Peking, Sept. 6. — General Li Kuei-yuan, commanding the Eleventh Division of northern troops in Hunan, states that owing to the non-payment of soldiers' wages a

[redacted]

[redacted]

[redacted]

"STUDENT" MOVEMENT.

From - "Peking Leader" - Sept. 6, 1919.

Dr. Sun Yat-sen Makes Rousing Speech to Returned Students.

Banquet Gathering of Western Returned Students at First Conference Banquet.

Shanghai, Sept. 1.—Approximately one hundred and fifty persons were in attendance at the first conference banquet of the Western Returned Students' National Union held Saturday night at the Yi Ping Shan Hotel. A distinctive feature of the gathering was a spontaneous outburst of patriotic fervour, [illegible] expression to the emphatic motto "We want Shantung."

Mr. Tang Shao-yi, chief peace delegate of the South, was toastmaster and the principal speakers were former President Sun Yat-sen and Mr. David Z. T. Yui, head of the Lecture Department of the Y.M.C.A. who has just recently completed a tour throughout the United States.

"Know Yourself."

"Know Yourself" was the subject of Dr. Sun's speech, which was delivered in Chinese.

A translation of the principal passages in Dr. Sun's speech follows:

"When I was a political refugee in the United States and was introduced to the late Dr. Yung Wing, the first question I asked him was what did he expect from the Chinese students whom he was instrumental in sending to American Universities? Dr. Yung then related, although I was a total stranger to him, his efforts in reforming the Chinese Government. Dr. Yung approached the Taiping rebel leader, Hung Hsiu-chuan, during the latter rebellion against the Manchu yoke and offered his American ideals for the establishment of a democracy, but was not accepted.

"Failing to carry his reform plans through Hung, Dr. Yung realised that the only salvation of China lay in the foreign educated students, so when he was offered a minister's portfolio by the late Marquis Tseng, Marquis Tsu and Marquis Li Hung-chang, he refused, but volunteered to be in charge of sending students to America.

"But before the students were half way through their college courses, they were recalled by Peking, because they were "too foreignised."

"Thus Dr. Yung informed me of his object in educating students in America.

"When asked by what means I could succeed in revolutionising China, Dr. Yung told me to see a certain American in Los Angeles whose name was Homer Lee and who had just written a book entitled "The Folly of Ignorance," a treatise on military and political philosophy. I always had him with me thereafter in my travels and while I functioned as a revolutionist.

"It is with feelings of great hopefulness that I came to this function and I wish to ask you all to have the same ideal object in that of Dr. Yung Wing. Serve your country. But first of all find out what kind of country we have. I am a politician and cannot refrain from talking politics. Ask yourself what is the political situation to-day.

A Blunder I Shall Always Regret.

"I have often been asked by my friends why after the establishment of the Republic I handed over the administration to Yuan Shih-k'ai. I admit it was a blunder on my part and a blunder which I shall always regret. And to-day we see that all that is left of the Republic is its name. My aim was a complete democracy supplemented with the system of the initiative, the referendum and the recall. The great blunder in 1912 turned a democracy into an autocracy and the political power to-day lies in three groups of men. They are the ignorant old officials, the wily militarists and the political intriguers.

"You as returned students should not be satisfied with the mere name of the republic but should see that a real democracy is established—a government as Lincoln said of the people, by the people and for the people.

"Your position in the republic is best privileged. You constitute the best educated class. With a union like this, you should accomplish a great deal and you should be responsible in making a real republic out of a mere name. No other people, as I said, have ever had your training and education. Yet you are not controlling the governmental machinery. The official class, the politicians and the militarists, never had your knowledge, sight or experience. Your fear for talking about politics, as intimated by Chairman Tang, indicates that you are not seeking political office. You are serving but not officially.

The New Sympathy.

"You should know, however, that the diplomatic defeat such as the one suffered in Paris could not be remedied by the old fashioned officials in Peking. But students, for this time, attempted and their attempt was rewarded with a golden harvest. An American friend of mine told me the other day that they sympathised with us. But he said that their sympathy to-day is different from the kind they had yesterday. Before they had a kind of [illegible] sympathy towards the helplessness of China, that now they have a [illegible] sympathy for China's [illegible]

"If the students did not start the [illegible] for Shantung, no such support would be commanded. After [illegible] instance, gentlemen, you will come to your conclusion as to the [illegible] that a union like this may [illegible]

"To-day [illegible] popular politics for China. One is the partition of the country [illegible] what has been done to Austria [illegible] Turkey and the other is the joint [illegible] the different places like [illegible] Kong and Singapore.

"During my childhood I was told that China was the greatest country of the universe. This was 30 years ago when every ignorant person knew this as an established fact. But to-day no one dares to say that out from the most conservative people. We Chinese students compare favorably in our scholarship with foreign students as records of the American Universities will testify, yet in governmental administration we are not their equals.

Not For Us to Rule.

"We are not few in number. Between 3,000 and 4,000 have been educated in the West. On the other hand Japan has only a few. The late Premier, Marquis Ito disguised as a sailor [illegible] to England and [illegible] to-day she has become one of the greatest powers in the world. Why should we tolerate joint administration or partition. Why, fifteen years ago a foreign minister of Siam told me that his country would be quite satisfied to be a province of China. Now Siam is not only independent, but has rescinded her grant of extraterritoriality and is a progressive state.

"My advice is know your ability, influence and experience. You are the cream of the 400,000,000 of population and are looked upon as leaders of the millions. They are as confident as I am that you are the ones that should run the Government.

"Know yourself!"

"S T U D E N T" M O V E M E N T.

From - "Peking & Tientsin Times" - Tientsin, China.

September 8, 1919.

NOTE TO STUDENTS' DEMONSTRATION.

JAPANESE CONSUL-GENERAL'S PROTEST.

The following is a translation of a Memorandum handed respectively to Mr. Hwang, Commissioner of Foreign Affairs, and Mr. Yang, Commissioner of the Police Administration for the Province of Chihli by the Imperial Japanese Consulate-General under date of September 3rd, 1919.

Sir,—On receipt of the report that a large number of Chinese students were behaving violently in front of the Chinese Police Administration, Tientsin, about midnight of August 30th, I, the Japanese Consul-General, want to see the actual scene, accompanied by Mr. Kamei, Vice-Consul.

I drove in a carriage along the Pei Ho in a northern direction and had passed by the Chinese Telephone Office when I found that the road near the Office was under repair and my carriage was unable to proceed. So I turned to the left, and passing by the I-Hsi-Pao, arrived in front of the Police Administration at about half past two o'clock (new time) on August 31st. At this moment a Chinese lad of about 16 or 17 years old, clad in the uniform of a Boy Scout appeared at the right side of my carriage. He stopped the carriage. A Chinese boy had no right to detain me, but in the belief that it might be inconvenient to go through the crowd in a carriage, I and Mr. Kamei stepped out of the carriage and walked on to the Chintang Bridge, as I thought there was plenty of room left for pedestrians in the road and I had actually seen many people walking through the crowd in the street.

By this time, however, a number of Boy Scouts swarmed around us, each with a staff in hand and then prevented us from going further. Thereupon I told the Boy Scouts that as this was the public highway they had no right to detain me. To this, one of the Boy Scouts replied that they were patrolling the street in front of the Police Administration. And then they began to hem us in on all sides by joining their staves together, and deprived us of free action, bringing us to a stand-still. Their words and behaviour were very rough and rude. So much so that, seeing that it was useless and foolish to pick a quarrel with them, I tried to retreat to my carriage when another party of Boy Scouts blocked our passage by joining their staves together. They said that they would detain us there until they received orders from their Commander-in-Chief, that is, Chief of the Boy Scouts. I asked them who was the Chief. To this, they replied that he was one of the students among the Boy Scouts.

Meanwhile 4 or 5 Chinese police officers from the Police Administration arrived and tried to help us. They gave instructions to the Boy Scouts to open the way for us Japanese. The Boy Scouts, however, declared that they would not obey the police unless they should receive instructions from the Chief of the Boy Scouts, and thus they still remained around us.

The next moment someone in the crowd suddenly shouted that we were on the staff of the Japanese Consulate. At this, the Boy Scouts being apparently alarmed, lowered their staves. Seeing this opportunity, some Chinese police officers helped us to open a way through the crowd and we were able to make good our escape.

When we got into the carriage, a number of the Boy Scouts cried loudly, "Do not let them go!" and I actually saw some of the Boys running after my carriage as far as the front of the I-Hsi-Pao.

I then again went to the Chin-tang Bridge from the former Austrian Concession going round by the International Bridge and found there that all carriages, rickshaws and even automobiles were passing over the bridge without let or hindrance. I thus thought that there would be no more danger beyond the bridge. But still as I thought that it would be less dangerous to walk, Mr. Kamei and I stepped out of the carriage, and approached the front of the Chinese Police Administration. There I could watch the crowd and listen to the speeches by Chinese students without hindrance. Later I returned to my residence. In this second adventure of ours, we were fortunate in not being recognized by the Chinese Boy Scouts.

From the above-mentioned facts, I feel satisfied that the Boy Scouts under the pretence of regulating traffic and maintaining order, actually obstructed free traffic and insulted foreigners without any reason. Their actions were most reprehensible.

I shall esteem it a favour if the Chinese authorities concerned will kindly bring under restrain these so-called Boy Scouts and prevent them in future from resorting to such violent measures, as I actually witnessed. At the same time I would enquire whether or not the acts of the Boy Scouts complained of, had the approval of the authorities concerned.

"STUDENT" MOVEMENT.

"Peking Leader",
September 13, 1919.

10,000 Meet in Shantung Provincial Capital

Send Petitioners to Peking Regarding Shantung.

Boycott Resolutions at Students' Meeting Tuesday.

Shanghai, Sept. 9.—Not wishing to be outdone by the petitioners in Peking and Tientsin in their demands for the preservation of Shantung, Shanghai students, shopkeepers and agitators held a mass meeting at the Public Recreation Grounds, West Gate, Sunday afternoon. Eighty organizations, represented by 10,000 or more individuals attended.

The meeting decided to send petitioners to Peking to join with those in Peking and Tientsin in urging refusal to sign the German treaty of peace until the Shantung rights are restored to China and in further advocating refusal to deal directly with Japan on the Shantung question; abrogation of the 21 demands, the arms alliance, the Kao-han and Tsi-shun and Manchurian and Mongolian Railway treaties and the note exchanged on the Kao-Tsi line, and asking punishment of Generals Chang Shu-yuan, Tuchun of Shantung and General Ma Liang, Military Commissioner of Tsinanfu.

Besides dealing with the Shantung question, the meeting also passed resolutions to demand the abolition of the Border Defense Bureau, the dissolution of the Anfu Club, the punishment of Generals Tuan Chi-jui and Hsu Shu-chen, the adoption by Peking of methods of open diplomacy, the abolition of all regulations aimed to muzzle the press and to oppose the appointment of Mr. Wang Yi-tang as the Northern peace delegate.

On account of the indisposition of Mr. Ho Pao-jen, president of the Students' Union, Mr. Wang Teh-hsi acted as chairman.

The meeting was held only after some difficulty. When the crowd arrived at 3 o'clock, a detachment of police was on guard at the gate of the recreation ground, which was locked. Several attempted to enter, but were told by the officer in charge that no previous notice had been given to the police for the holding of the meeting and that if representatives were elected to see the Chief of Police, the authorities might consent to the meeting.

Accordingly six representatives were elected and authorized to speak for the crowd. They were received by the secretary of the chief and a few others. The officers stated that only Sunday morning they had received a letter sent by mail to say a meeting would be held and asking that the use of the Recreation Grounds be permitted. But, according to the authorities the letter bore no signature of any responsible person.

The representatives were then asked to sign an official letter addressed to the police and the meeting was allowed.

Number of copies....3

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KOREA & CHINA.

OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch

MAR 5 1920

WAR DEPARTMENT

NOTED E.W.B. M.I.D.

2129-17

FROM: "CHINA PRESS", Shanghai, China, November, 1919.

JAPANESE INTERCEPT KOREA ROYAL PRINCE ON HIS WAY TO CHINA.

Second Son Of Late Emperor Is Turned Back When He Tries to Come Here

- - - - - -

IS OFFERED PORTFOLIO

Member Of Royal Family Said To Have Sought To Show Unrest Of Nation.

Political

[Prince Yi Kang, of Korea attempts to Escape
From China Press, Shanghai, Nov., 1919]:

Prince Yi Kang, second son of the late Emperor Yi of Korea, was intercepted by the Japanese recently on his way to Shanghai, according to telegraphic advices received by Mr. Li Dong-whi, premier of the Korean Provisional Government with offices here. The message came yesterday. Prince Yi, who is supposed to live sumptuously and contentedly as a pensioner of the Japanese Government in Seoul, eluded his guards and got as far as Antung on the Manchurian border, where he was seized and forced to return.

The message states that he was on hiw way here to join the Provisional Government cabinet, which until recently had its headquarters at 321 Avenue Joffre. ~~He sought to demonstrate that all classes in Korea are a unit in thier demand for national independence.~~

~~AGAINST THE JAPANESE~~.

The late emperor, whose abdication was forced, left three sons. The eldest was made emperor and he still lives in Seoul in magnificent quarters, closely guarded. With him has been Prince Yi Kang, the second son. The third son and heir apparent was taken to Japan years ago and is kept carefully removed from all political matters. It was his approaching marriage to a Japanese princess, coupled with the death of the old emperor last spring, that led to the report that the emperor had taken his own life in order to interrupt the wedding.

Anti-Japanese demonstrations throughout Korea again occurred recently on occasion of the birth day of the Emperor of Japan. Word to this effect came in the foregoing message as well as from other sources.

Wholesale arrests were made by the Japanese authorities, even before the thirty-first of October, they having scented trouble. The affair in Seoul was led by the students of the Higher Common School, who struck en masse and started a demonstration whixh was soon joined by hundreds of other Koreans. The authorities, hearing that demonstrations were to be conducted in automobiles, commandeered all the machines.

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R A I L W A Y.

F R O M : "THE CHINA PRESS", Shanghai, China,
November 25th, 1919.

PEKING - JEHOL LINE PLANS ARE COMPLETED.

First Steps For Building Of Road To Be Taken After Survey Is Made.

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Peking, November 19.- The plans for the Peking-Jehol Railway, which have been under the consideration of the Government for several months, have now reached maturity, and first steps for the construction of this line to be taken at once. A party of government surveyors is to be sent out next month to start the suvey of the line from Tung-hsien,13 miles to the East of Peking, via Chuanhua, Chienan, Hsifengkow and Miyun to Jehol.

When the survey has been complated final estimates of the cost of consruction will be made,whereupon steps will be taken by the Ministry of Communication to raise the necessary funds; and it is hoped that the work of building this railway can be commenced by next Summer.

In this connection it will be remembered that a report was current last Summer that the militarists had obtained a Japanese loan estimated at from $3,000,000 to $10,000,000 with which to build the Peking Jehol Line. The Government denied the reports at the time, and nothing has been heard of them since.

M O H A M E D A N I S M .

FROM: "PEKING AND TIENTSIN TIMES", Tientsin, China,
November 19th, 1919.

THE SEDITIOUS MOHAMMEDAN PAMPHLET.

Playing With Consuming Fire.

[From the Peking and Tientsin Times, November 19]:

During the course of the last month, the residents of ~~Kaifongfu~~ have seen three interesting pamphlets, dealing respectively with the formation of the anti-Opium Society, the organization of the Chinese Boy Scouts, and the "Lang-tou Hui" or Wolf-Head Society. The first two are merely of ~~local~~ interest, but the third comes from Shensi and Kansu provinces, ~~and was~~ in both Chinese and Japanese languages, chiefly for the consumption of the Chinese Mohammedans in North-West and Central China for the purpose of inducing them to declare their independence against the Peking government. ~~In the same way as the Chinese complained against their Manchu rulers in the past,~~ The ~~alleged~~ Mohammedan pamphlet makes various serious charges against their Chinese brothers for ill-treatment and discrimination. According to a prominent Mohammedan resident, the influence of the Lang-tou Hui in Kansu and Shensi ~~and Hsinkiang~~ provinces is very great, and it is feared that, unless the Peking Government adopts precautionary measures against this dangerous propaganda through the foreign medium, its evil power will easily spread to Honan and other provinces in Central and North China, and the ultimate result will be a second big Mohammedan rebellion in the north-west of China like that suppressed by the late Marquis Tso Chung-tang in Shensi and Kansu about forty years ago. According to this informant, the present movement of radical Mohammedans and foreigners is more serious than the Mohammedan rebellion of forty years back, chiefly because there is important foreign influence behind it. It is reported that the Lang-tou Hui has now over two million followers or believers in the Shensi and Kansu provinces, not counting those in Honan and other provinces, and that they are well supplied with modern arms and munitions, waiting for an opportunity to rebel against the Republic of China.

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B O Y C O T T .

F R O M : "THE JAPAN ADVERTISER", Tokyo, Japan,
November 14th, 1919.

STUDENTS RIOTING IN ANTI-JAPANESE MOVE.

At Foochow Are Burning Japanese Stocks-- General Strike Threat Made in Canton.

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SHANGHAI, November 12 - The anti-Japanese agitation is assuming a more intense form at Canton, where the students are continuing to hinder the trade in Japanese goods. The merchants are attempting to secure aid from the press, in order to abate the anti-Japanese feeling, while the authorities have turned to the use of troops to suppress the agitation. On Sunday the police placed eleven ringleaders among the student-rioters under arrest, without perceptibly checking the trouble.

The Chinese electric light company at Swatow, which purchased coal from the Mitsui Bussan Kaisha, under an old contract, came into unpleasant attention from the students, who raided the plant and carried away about 75 tons of the fuel in boats. The Japanese Consul entered a protest with the authorities, who took immediate steps and succeeded in having the coal brought back and restored to the owners.

At Foochow the students are rioting, raiding the Japanese shops and taking the stocks out for destruction by fire.

Students Threaten General Strike.

CANTON, November 12 - The students have sent a petition to the authorities, requesting them to release the students who have been arrested in connection with the recent raid on Sincere's store. The application has been refused and the students are considering a general strike, claiming that the Trade and Labor Guilds are in sympathy.

The feeling is running high against the chief of police, who under the orders of the Tuchun, is dealing severely with the students.

During the disturbance, one student fell into the river and was drowned.

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B O Y C O T T.

F R O M :"NORTH CHINA STAR", Tientsin, China,
November 14th, 1919.

CHINESE BOYCOTT, JAPANESE COTTON AND STOCK MART.

Shanghai Guild Will Suspend Own Members Patronising Nipponese Exchange.

ACTION IS FAR-REACHING.

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Organization Is Accused Of Having Raised Prices Through Gambling of Brokers.

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Shanghai, Nov. 20. - Chinese cotton dealers who are members of the Shanghai Cotton Guild will refuse to deal with the Shanghai Stock and Produce Exchange, corner of Kiangse and Foochow Road, the Japanese stock exchange, At a meeting yesterday the guild decided to penalise members who patronise the Japanese exchange by suspension.

Practically all the influential dealers in cotton are members of the guild and the decision will mean the most effective boycott against Japanese and cotton yarns yet instituted by the Chinese. The meeting also decided to invite the Cotton Mill Owners' Association to join in the movement.

The Shanghai Stock and Produce Exchange only recently begun to deal in cotton. Recently the exchange was accused by Chinese of having arbitrarily raised the price of cotton through the speculation of its own brokers.

Chinese are organising a stock exchange among themselves. The meeting yesterday urged the speedy inauguration of the Chinese exchange and asked the cotton merchants to give it their support.

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B O Y C O T T

F R O M : THE PEKING LEADER , Peking, China,
November 29th, 1919.

BRITISH, AMERICAN AND FRENCH WARSHIPS PROCEED TO FOOCHOW

Owing to the arrival of the Japanese warships, British , American and French warships are expected here this evening from Shanghai, Hongkong and the Yangtze River, espectially the Americans who are involved in the existing Sino-Japanese fracas. There are wild rumors and one report says that Japan will seize Fukien province this time unless China put a stop to the boycott movement once and for all,-Asiatic News Agency.

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CHINA & JAPAN

FUKIEN FRACAS

THE MOVEMENT OF FUKIEN RESIDENTS IN PEKING.

Yesterday the Fukien residents in Peking held a meeting at the Fukien Guild to discuss the Foochow affair. Such prominent men as Messrs. Chen Pao-shen, Kuo Tseng-chi, Chen, Li Chao-chen, Chang Yuan-chi, Admiral Liu Kwang-hsiung, Minister of the Navy, Chen Lu, Acting Minister for Foreign Affairs, and Kuo Chi-yun, Chief Secretary of the Cabinet, all natives of Fukien, were present, First of all Mr. Chen Lu rendered a report stating that the Government had already lodged a protest with the Japanese Legation. After some discussion two representative were elected to be sent to their native province to institute thorough investigations into the matter, and it was decided that the Government should be urged to deal with Japan seriously. Mr. Lin Chang Min who was also present, at last made a brief speech saying that as the whole nation has now been filled with indignation regarding the Japanese outrage the Government should be requested not to interfere with the people's actions in this connection so long they remained within the law in order to avoid serious and unexpected trouble. He asked Admiral Liu Kwan-hsiung, Mr.Chen Lu an Mr. Kuo Chi-yun to transmit the request to the Government and these three gentlemen gladly promised to do so.

M O N G O L I A .

F R O M : "PEKING AND TIENTSIN TIMES, Tientsin, China, November 21st, 1919.

CANCELLATION OF MONGOLIAN AUTONOMY.

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~~Little Hsu Nearly Wrecked Negotiations.~~ -

[From the Peking and Tientsin Times, November 21]:

According to a letter received from Reuter's correspondent at Kalgan, the question of the cancellation of Mongolia's autonomy has now been brought to a conclusion between the Chinese representatives at Urga and the Council of Ministers. He says that the Living Buddha on the 10th instant received the Chinese Resident and General Hsu and stated that he saw no reason for cancelling the autonomy of Mongolia. On the 14th instant General Hsu posted Chinese troops along the road leading to the ~~Hutukhtu's~~ Chutuktu's palace. It is reported that the Resident and General Hsu then called on the President of the Mongolian Council of Ministers and asked for a definite decision regarding the question of autonomy and stated that an answer was expected within forty-eight hours. This request was referred to the ~~Hutukhtu~~ Chutuktu, who summoned the Mongolian Representative Assembly. The Lower House was in favour of demanding the withdrawal of the Chinese troops, the Mongolians if necessary resorting to armed force. The Upper House, however, counselled moderation and pointed out the futility of armed resistance. On the 15th instant the Chinese Resident called on the President of the Council of Ministers and received a petition for China to accept the subjection of Mongolia. It was not signed by the ~~Hutukhtu~~ Chutuktu.

From the above it appears that General Hsu's arbitrary methods went far towards wrecking the negotiations in the final stage. It now remains for China to secure the abrogation of the Kiakhta Treaty and to provide the Mongolian Government with the funds necessary to restore its deplenished treasury. It is rumoured that a protest will be made by a neighbouring country against the cancellation.

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M O N G O L I A.

F R O M : THE PEKING & TIENTSIN TIMES, Tientsin, China,
November 26th, 1919.

LITTLE HSU PLACES CHEN YI UNDER ARREST.

STARTLING DEVELOPMENT AT URGA.

A telgram dated Urga, Nov. 22, has reached me stating that the Chinese Resident at the Capital of Mongolia, was placed under arrest the day previous to the date of the telgram, his whole staff being treated in a similar manner. Any communication he wishes to make with his Board in Peking or with his subordinates in Urga has to be made through the chief of General Hsu Shu-cheng's staff. No comment on the arrest of Chen Yi, the Chinese Resident and his staff, is allowed. While it is known that there were certain differences between Chen Yi and General Hsu Shu-cheng concerning the policy to be adopted in Mongolia it was not known that matters were as serious as they appear to be at the moment. Perhaps General Hsu Shu-cheng, following the example of the Chinese Government will declare that the arrested the Chinese Resident and his staff because it was a unanimous wish on their part. Your correspondent called at the Russian Legation to-day to inquire what action, if any, they intend taking. He was informed that the Russian Legation had presented a protest to the Chinese Government concerning the one-side manner in which the Treaties concerning Mongolia had been set aside. The Legation refused to make any further statement.

WHY LITTLE HSU TOOK DIRECT ACTION.

With reference to a previous telegram reporting the arrest of the Chinese Resident at Urga and his entire staff, a further communication has reached me from Urga which states that Chen Yi was arrested at the instigation of General Hsu Shu-cheng, who charged him with secretly advising the Mongols not to sign the petition abrogating their Autonomy until General Hsu Shu-cheng had left Urga and, furthermore with advising them to demand a large sum of money from the Peking Government as the price for handing in the petition at an early date. It would seem that although the Mongols "petitioned the Chinese Government to cancel their autonomy" the manner in which the petition was secured is the subject of a struggle between the two main actors in the affair. Chen Yi undoubtedly thinks that having schemed and intrigued to secure the cancellation of Mongolia's autonomy, Hsu Shu-cheng has not treated him right in "stealing his thunder." It is stated that Chen Yi has many influential friends in Peking and that there is a possibility of General Hsu Shu-cheng's action causing considerable friction. Anyway, the Chinese Government has given its support to these ensues therefrom it is responsible for.

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intrigues and any trouble that

JAPAN AND MONGOLIA.

[From the Peking and Tientsin Times, November 26]:

Japan's designs on Mongolia were never more clearly revealed than at present. In the first place she has declared them herself by her demand that Mongolia and Manchuria should be excluded from the scope of the new consortium. That, of course, is an official Japanese pronouncement. Early in the year it was further announced that Japanese were negotiating with a view to taking over Russian rights and privileges in Mongolia. The usual official denial followed, but the presence of Japanese military agents in Mongolia was common knowledge. ~~Simionov's~~ Semenoff's attempt to create a Pan-Mongolian empire was commonly regarded as another expression of Japanese propaganda. It failed, of course, but ~~Simionov~~ Semenoff has not been discarded. With 2,000 Cossacks he is on the borders of China. His force should have been disarmed when it entered Chinese territory, but Chang Tso-lin, fearing that the Cossack leader was backed by Japan, dared not carry out the orders of Peking in this matter. ~~Simionov~~ Semenoff now seeks to assist in guarding the Chinese Eastern Railway. To his credit be it said, Chang Tso-lin has so far resisted the pressure which is being relentlessly applied and has not conceded the demands made in person by ~~Simionov~~ Semenoff.

Another reputedly Japanese agent in Mongolia is General Hsu Shu-cheng. To keep his precious Northwest Frontier Defence army he must have some work for it to do. Nowhere else can that be found than in Mongolia. Though the Urga authorities have cancelled their independence and returned to the authority of Peking, Little Hsu, who is at present in Urga, wishes to treat the transaction as representing a military conquest on the part of China and wants an imposing garrison stationed in Mongolia. To carry out such a plan, funds are essential and the source of the accommodation is not far to seek.

It is just at this time that we hear of the possibility of General Tinge, director of the Peking-Suiyuan Railway, becoming Vice Minister of Communications, and director of the Peking-Urga Railway! Such a line does not exist yet except in the plans of the Japanese. Its first step is the construction of a railway from Fengchen to Panjeong, which would cover one-third of the route to the Mongolian capital. Knowledge of such a scheme gives point to the Anfu demand for the appointments of Vice-Minister of Finance and Vice-Minister of Communications. Some months ago General Tinge submitted ~~to the Chinotungpu~~ a scheme for the extension of the Peking Suiyuan Railway, but it was rejected by the technical members. It would appear as if it had not been abandoned. Moreover, Little Hsu's plan for a domestic loan of $400,000,000 for the development of Mongolia must not be overlooked. Chinese would never take up such bonds. They have no confidence in the Government. Ready investors would be found among Japanese, who would have no difficulty in purchasing through Chinese agents. All the plans and operations mentioned, regarding which no well informed foreigner in China has any doubt, demonstrate, when co-ordinated, the extent of the Japanese movement for the absorption of Mongolia in the same manner that Manchuria is passing from Chinese to Japanese sovereignty.

FROM : "PEKING AND TIENTSIN TIMES, Tientsin, China,
November 21st, 1919.

TWO STUDENTS DIE OF WOUNDS AT FOOCHOW.

Fukien People Extremely Excited.

With reference to the Sino-Japanese fracas at Foochow, there are different stories. The Chinese officials of Fukien say that the trouble was started by the Japanese but the Japanese say that the incident was chiefly caused by the irresponsible conduct of the radical students who interfered with the legitimate business of the Chinese merchants with the Japanese and Formosan traders and that they went so far as to actually prohibit Chinese merchants and shop-keepers at Foochow to have any commercial relations with the Japanese or people under Japanese domination in China.

General Li Hao-chi of Fukien say that through the energetic efforts of the Japanese Consul-General at Foochow, there is no fresh trouble between the Chinese and the Japanese and that order is being maintained by the presence of the Chinese troops in the streets. Further, General Li Hao-chi adds that the Press reports are exaggerated and that there is hope that the unhappy incident will be settled locally without disturbing Sino-Japanese relations.

Two students have died of their wounds inflicted by the Japanese mob at Foochow while on the other side, one Japanese resident had been seriously wounded in the midst of the fracas. One Japanese warship is now anchored at Foochow, but so far no Japanese have been landed. The natives are extremely excited now. This is certainly another bad omen in the promotion of Sino-Japanese friendship.

Fukien residents in Shanghai have wired to Peking urging that a strong protest be lodged to the Japanese Legation about Japanese outrages in Fukien Province. The whole trouble has been caused by the boycott movement against Japanese goods and nothing else.

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FROM : "CHEN PAO", Peking, China,
November 19th, 1919.

On the 1st instant Mr. Pien Yin-chang was elected as Chairman of the Tientsin General Chamber of Commerce, and a notification was given that he formally assumed his duties. To the surprise of everyone, however, Mr. Funatsu, the Japanese Consul-General at that port, has addressed a letter to Mr. Chiang Tien-to, Vice-Minister of Agriculture and Commerce, taking exception to Mr. Pien's election to his present post and expressing the wish that promotor of the Merchants' Union and a leader ofthe Ten-men Groups which are anti-Japanese organizations.

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FROM: "NORTH CHINA STAR", Tientsin, China, November, 1919.

FUNATSU'S FAUX PAS.

[From the North China Star, Tientsin, November, 1919]:

A faux pas is the mildest and most euphoneous expression which accurately describes the action of Mr. Funatsu, the Japanese Consul-General, in attempting to induce Chinese officials to remove the head of the Tientsin Chinese Chamber of Commerce because he happens to be persona non grata to the Japanese. This French expression, variously translated as a blunder or as an act of indiscretion, is the diplomatic expression used to describe a most undiplomatic act.

The boycott, carried on by the Chinese in a silent and impassive manner, seems to be causing the Japanese to lose their heads; not only officials as here in Tientsin, but even Japanese communities as in ~~Foochow~~, where their unprovoked assaults upon students led to actual manslaughter according to official advices reaching foreign Legations in Peking.

As for the act of the local Japanese Consul-General, if it took place in America or in any country of Europe it would result in the consular officer's exequatur, as his permission to officiate is termed, being withdrawn by the Government to which he is accredited. In China the consular officers, owing to extraterritorial rights, enjoy certain extra privileges, especially of a judicial character. But the very fact that they have judicial functions presupposes that they will act in a judicial manner.

For a foreign official to demand, request or even suggest the removal of an officer of a Chamber of Commerce is really an insult to the nation to which the Chamber belongs.

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CHINA & JAPAN.

FROM: "PEKING AND TIENTSIN TIMES", Tientsin, China, November 21st, 1919.

FOOCHOW INCIDENT AROUSES WIDESPREAD ANGER.

Will Revitalise Boycott.

[From the Peking and Tientsin Times, November 21, 1919]:

According to reports reaching Peking the attack by a number of Japanese on the Y.M.C.A. students and other Chinese at ~~Foochow~~ has caused widespread indignation, not only among the students and the poorer classes, but among the officials and the better-class Chinese. ~~As far as~~ reports to the Government show the Japanese had no reason to act in the unseemly manner they did and that the Chinese are absolutely blameless in the matter. The whole province is incensed by the manner the Chinese were treated. According to the last Reuter's report, large meetings were held in the city by the most important bodies there and resolutions were passed to the effect that the Japanese Consul should be recalled, that the new Consul shall apologise officially and that compensation shall be paid and that the offenders shall be tried by a mixed court. It is also stated that the Tuchun has agreed to support the resolutions. At this distance it is impossible to secure full details of what has happened at ~~Foochow~~, but it is reasonable to presume that ~~the Governor~~ of the province and the Chinese ~~of high~~ standing would never take such public action unless the case warranted it. The Japanese are doing all in their power to minimize the incident as they invariably do, but the papers in the strongest manner, and Japanese attempts to smother public opinion have utterly failed. The Japanese may be more successful in Peking where they can wield the influence they have over the Anfu organs to tone down. ~~the nature of this latest Japanese outrage~~. No one for a moment expects that the Chinese will be successful in their various demands for the punishment of the offenders, right as they are in making these demands. The Japanese have a happy knack of throwing all the blame on to the Chinese and whether they are guilty or not, they generally secure an apology from the Chinese and more times than not an indemnity. This is no new ~~statement~~, ~~the~~ various incidents wherein the Japanese have been the aggressors have, after long and weary negotiations, resulted in the Chinese being held to have committed the fault. Might is right with the Japanese and the Chinese officials who have had to investigate cases like the ~~Foochow~~ incident have in the majority of cases been afraid of the pressure that Japanese officials would use with the higher authorities to remove them from office should they too strongly condemn the Japanese. It is quite possible that the Japanese are enraged by the manner in which the Japanese boycott is damaging them commercially and financially, but that was only to be expected considering the manner in which the Japanese have failed to keep their promises in connection with Shantung and in other matters. The boycott is the only weapon the Chinese have to retaliate for the injustice they have received during the past four years. No matter how much it may hurt Japan financially, that is no reason why the sons of ~~Nippon~~ Nippon should be allowed to kill, maim and otherwise hurt the Chinese. The Japanese must remember that China is not Korea or Formosa yet, and until it reaches such an unhappy and unfortunate condition, the Chinese have a right to protect themselves as far as possible. The short-sightedness of the Japanese in acting as they have done in ~~Foochow~~ is apparent to all. Their action will only strengthen the determination of the Chinese to continue the boycott with greater severity. Were the Japanese to make an attempt to

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get on friendly terms with the Chinese, there is every possibility that a better feeling would exist between the two peoples. As it is, the Japanese are overbearing and arrogant, and consider that the Chinese are their slaves, instead of their equals and in many instances their superiors. The Japanese have already aroused a feeling of hatred and distrust in the hearts of the Chinese and it passes the comprehension of any reasonable man why they do not try to lessen this feeling, instead of increasing it.

It is stated that the Japanese Consul in charge as Foochow has applied to Tokio for warships to be despatched to that port, fearing that a general uprising may occur, but even if a warship does go there and open up fire on the Chinese, that will only increase the hatred at present existing. Japan is so full of militarism, that the only way she can see to settle any difference that may arise between the Japanese and Chinese is to beat the Chinese into submission. It is to be hoped that the Japanese will send no war vessel and that they will leave the protection of foreign life and property to the ships of other nationalities. If they do not, the presence of Japanese war vessels may lead to further dangerous complications.

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FUKIEN INCEDENT

F R O M : THE NORTH CHINA STAR, Tientsin China.
November 30th, 1919.

THE STUDENTS' DEMONSTRATION IN PEKING .

[From the North China Star, Tientsin, November 30, 1919];

Peking, November 29- It is true that one swallow does not make a summer, but the students' demonstration in Peking today goes far to prove that there is very little truth in the common saying that the Chinese have no genius for organization. Over thirty higher schools, sending in all about fifteen thousand students, took part in a great demonstration today in protest against Japanese action at ~~Foochow~~; and by the general admission of foreigners who ~~saw the great gathering from which the procession started~~ the organization was perfect.

At stated ~~hours~~, decided upon apparently on a calculation of the time it would take to reach the point of rendezvous, the students in the various schools, boys' schools and girls' schools, in Peking rose from their desks in silence, formed up into ordered rank and marched to the Grand Approach to the Tien-An-Men. They arrived here just before one o'clock and no Trafalgar Square gathering could have been more imposing. Each school came up preceded by its own banner, and every student carried a small flag on which some pointed sentence was inscribed. The vast majority were in Chinese, but there was a good sprinkling in English, French and Russian. Amongst the English inscriptions were: "Is Japan to seize Fukien as well as Shuntung?""Our fellow-students have been slaughtered in ~~Foochow~~"; "Let us not be slaves "; ~~" Do you know what is being done at Foochow?"~~; " Tell everybody what has happened at ~~Foochow~~ " ; "Let us never forget ~~Foochow~~". And so on. In French there was:"Dieu et notre Droit"; ~~"Revolution"~~; "Nous avons raison"; "Pour souvenir: Foochow"; and similar phrases. Those in Russian I could not read, but doubtless they were of the same character.

There could be no doubt of the seriousness of the students. They were not out for a lark. They were out, as one of the seniors who was engaged in directing the proceedings told me,"Simply to let everybody know what is happening, and let the Government know that we know, and are telling everybody we can." And they were doing it. ~~In attendance on~~ each school were a number of students each supplied with large numbers of mimeographed sheets telling tersely what had happened at ~~Foochow~~. These were freely distributed on the line of march. The ~~scholars~~ themselves were remarkably orderly. There was no shouting, no horseplay, no exuberant excitement, just the sort of deadly earnestness that one associates with meetings of the Scotch Covenanters. Each school on arrival fell into an appointed place, according to a number carried on a flag before the school group. At a careful estimate there were fifteen thousand students present, and their behavior would have been a credit to a ministers' meeting, ~~some of the schools produced an admirable impression. Thus, to take only one example, the six hundred~~ youths from Tsing Hua, in their neat blue uniforms, marching absolutely true, ~~after repeating togather what sounded like~~ a solemn oath to

"Publish to the sons of men The signs infallible"

produced on ~~all who saw~~ them, Chinese and Foreigners alike, a very ~~deep impression~~.

FUKIEN INCIDENT

F R O M : THE PEKING LEADER, Peking, China,
November, 29th 1919.

25,000 STUDENTS PARADE THROUGH BUSY CENTERS OF THE CAPITAL.

A VERY IMPRESSIVE AND ORDERLY DEMONSTRATION.

2,000 School Girls also Participate.

The Capital has perhaps never withnessed such an impressive and unique affair as the students' parade which started ~~from Tien-An Men~~ near the Central Park yesterday morning. It was estimated that at least twenty-five thousand students, of this number two thousands were girls. ~~participated in the demonstration.~~ The main object of this parade was to arouse the ~~in the~~ Capital to protest and to protest vigorously against the Japanese outrages in ~~Foochow~~. Consquently, before ten o'clock yesterday morning the students representing thirty-four school, colleges, and universities assembled themselves at Tien-An-Men, thence they marched orderly towards Shun Chi Men, west City, and after passing Lo Ma Shi Ta Chieh, they went towards Ta Mo Chang and returned to Tien-An Men by way of Hatamen, where the entire procession was dosmissed about five o'clock in the after noon. As the students were passing through the various busy centers of the city they shouted "Save Foochow," " Boycott Japanese goods" and the like, which created a profound impression on the spectators around. On arriving at the Presidential Palace, which, by the way, was well guarded by a cordon of soldiers like the Foreign Office, the young lads gave an exceedingly loud ovation, in the hope that President Hsu might know with what tremendous earnestness and vigorous determination they wished to urge the Government ti take strong action against the Foochow atrocity.

During the parade, the students distributed 800,000 copies of one hundred different kinds of handbills touching on the questions of Foochow, Shantung and various other injustice China suffers in the hands of Japan. In addition, some of the students also stopped on the way to address the men on the street, pointing out to them the extreme necessity of prosecuting the boycott against Japan until she comes to her senses. Time and again the pedestrians listening to these passionate speeches showed sogns of being fired with indignation at the unremitting bully shop-keepers even took the trouble to furnish the fiery orators with tea to quench their thirst.

Flags and banners of all sorts were much in evidence in this unprecedented students' demonstration. On one gigantic banner was written four resolutiions adopted at the mass meeting of three thousand youmg men held at the Students' Union Headquarters last Friday. hese resolutions were as follows:-

1. To prosecute the boycott to the bitterest end.

2. To hold a great demonstration to arouse the people and officials out of their inertness and lukewarmness.

3. To demand the dismissal of the Japanese Consul who aided and abetted his nationals in the Foochow outrages.
4. To demand Indemnity for those who were killed and wounded in the Foochow fracas.

To arm themselves strongly against all emergency, a Red Cross Corps composed of the students from the Government Medical School followed parade, and while the young lads were marching on from point to point, the police maintained order everywhere as usual without causing the least interference in the demonstration. Undoubtedly this was the most touching and orderly affair the students ever succeeded in putting through since the beginning of the students upheaval in May 4 last.

B O Y C O T T

F R O M : THE NORTH CHINA STAR, Tientsin, China,
November 29th, 1919.

FOOCHOW CHAMBER RESOLVES TO CEASE BUYING FROM JAPAN

Social Intercourse With Japanese Also Taboo Until Satisfactory Settlement

In spite of the strong protest of the Chinese government authorities, a detachment of Japanese marines entered the native city of Foochow yesterday. The Japanese marines are now at the various important streets of Foochow "for the protection of Japanese merchants and traders". On account of the energetic efforts of the Chinese officials peace and order are still maintained at Foochow without fresh Sino- Japanese collisions.

In the course of a special conference, the Foochow chamber of commerce passed the following important resolution:-

" The members of the Chinese chamber of commerce of Foochow hereby resolved, in this special session this afternoon, that in their capacity as representatives of the Chinese merchants and traders in Fukien province, should commencing from today, refrain from having any commercial or social intercourse with the Japanese residents or traders until a satisfactory settlement of the present Sino-Japanese fracas which was the result of continuous Japanese aggression.

The Japanese ginboat "Saga" arrived here this afternoon from Shanghai in company with a couple of torpedo-destroyer from Formosa for the protection of Japanese interest.

ANTI-JAPAN FEELING IS RUNNING HIGH

The anti-Japanese agitations in Foochow according to an official report issued to-day continued to be violent. The Saga, Sakura, and Tachibana steamed up-river to Foochow. It is expected that a joint investation will be opened shortly.

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A-V-I A T I O N

F R [illegible] CHINA PRESS, Shanghai, China.
[illegible]er 25th, 1919.

PEKING TO HAVE A[illegible]ON BUREAU

Branches Of New Department to Open [illegible]ivuan And Mukden

Peking, November 19.- The Peking Military authorities [illegible] now working on a set of regulations for the organisation of an Avia[illegible] Bureau which are soon to be submitted to the Cabinet. As soon as these preliminary formalities have been settled the final preparations for the organisation of the Bureau will be commenced, it being the intention of the Ministry of War to build up its aviation service in accordance with the newest British system.

The plans of the Ministry of War provide for a General Aviation Bureau in Peking, with branch bureaux at Mukden and Hsiyuan, and these three offices are to be opened as soon as possible.

Once they are opened the Government intends to train an adequate aviation corps under the instruction of a number of Italian aviators who are expected in this country soon. The first machines for this work have arrived in Chingwangtao and been shipped to Mukden and Peking, and a further consignment of aeroplanes is due here before the end of the year.

A V I A T I O N .

F R O M : "CHEN PAO", Peking, China,
November 17th, 1919.

Marshal Tuan Ch'i-jui, Director-General of the Frontier Defence Bureau is contemplating the establishement of an aviation department in the said Bureau and a suggestion will be made to the Cabinet for consideration very soon, It is stated that when this suggestion has been passed by the Cabinet preparations for its organization will at once bemade. The aviation department in the Ministry of Communications will annexed to this new organ and probably General Ting Ching will be appointed head of this department.

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F R O M : "YIH SHIH PAO", Peking, China,
November 17th, 1919.

The regulations gover-ning the organization of the aviation Bureau will soon be submitted to the Cabinet meeting for discussion. As soon as they have been passed, preparations will be commenced for its organization in accordance with the newest British system. According to the Government's plan a General Aviation Bureau will be established in Peking and two sub-bureaux at Hsiyuan and Fengtien. The organization of these three bureaux will be started simultaneously. When their organization has completed, steps will at once be taken to organize aviation corps with some Italian aviators as instructors who are coming to China before long. The first consignment of aeroplanes recently arrived at Chinwangtao and the machines are being transported to Fengtien and Peking. The second consignment of aeroplanes ordered by the Government has not yet arrived.

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MILITARY NOTES.

FROM: "PEKING LEADER", Peking, China,
November 20th, 1919.

DISBANDMENT OF TROOPS.

In regard to the proposed disbandment of troops, the Government has recently received a telegram from General Ni Shih-chung, Tuchun of Anhuei, stating that he will proceed with the disbandment of troops in his province, commencing from next month, while the other Tuchuns who take an initiative of disbanding their troops are those of Kiangsi, Kiangsu and Hupeh.

It is stated that after the disbandment of troops has been carried out, the Government will introduce an uniform system for the control of the army. By the new system, all the divisions of the army shall be known as "Shih" (Army Corp) and "Lu" (Brigade) while all the insignia given to the different forces kept by the various Tuchuns, such as "Hung-Wei-Chun," "An-Wei-Chun" etc, shall be all done away with.

It is also reported that after the departure of General Wu Kwang-hsin, Inspecting Commissioner of the Upper Yangtze River, who has proceeded to the different provinces for the purpose of conferring with the Tuchuns about the disbandment of troops. It is also stated that after the receipt of a joint telegram from the various Tuchuns, headed by Tuchun Tsao Kun, the Government has held several meetings for the discussion of the question concerning the disbandment of troops. It is learnt that a Mandate will soon be issued setting forth the necessity for carrying out the disbandment of troops and also exhorting the provincial authorities to act upon the instructions in earnest, etc.

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FROM: "SHUN TIEN SHIH PAO", Peking, China,
November 20th, 1919.

Besides adding the aviation corps to the Frontier Defense Army Premier Chin is preparing to install a military wireless telephone plant and appointed General Ting Chin to take charge of the work. An order has been placed with the Vickers Company (British firm) for full equipment of the said plant. It is heard that if the said order be delivered in due time the installation will be completed by this year.

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A R M Y A N D N A V Y.

F R O M : "SHUN TIEN SHIH PAO" , Peking, China,
November 24th, 1919.

It was mentioned in yesterday's paper that a large amount of arms and ammunitions were seized at the Eastern Station. It is now reported that in this case there were involved one Italian missionary, named Lonchenmin(?), over ten Chinese civilians and several soldiers, and the smuggling amounts to 100,000 bullets and 480 pistols. These goods are now under the custody of the police court, and several policemen brought one Chinese involved in this case to Tientsin to give information on the case, pending this trial. It is heard that many other militarists and foreigners are also taking part in this smuggling and a thorough investigation must be instituted before any trial can be made, Reports have it that the trial will be opened to-night. The report that the smuggling have brought with them a passport from a certain Mixed Brigade is untrue, because this passport is ineffective in guaranteeing a free transit.

According to the Kuomin News Agency the Japanese Government is despatching several thousand troops of the 13th Division to Siberia for defensive purposes as the situation there has become very critical.

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MILITARY NOTES

F R O M : THE NORTH CHINA DAILY NEWS, Shanghai, China.
November, 25th, 1919.

CHINA'S ARMY DISBANDMENT

[From The North China Daily News, Shanghai, Nov 25 1919]

The rumours current for some time past that the Peking Government was planning to disband a part of the army have taken shape in the Mandate issued on Saturday, a translation of which we reproduced yesterday from the "Sinwanpao". "Since military operations were started, " it says, " the ordinary troops in the provinces have been found insufficient for distribution, with the result that recruiting has been incessantly going on and the army pay roll is considerabley lengthened." The result has been a deficit all round: "our people are poor and resources almost exhausted, we have found it difficult to make ends meet.

If this state of affairs continue, the sources of our income may soon dry up, not to mention those provinces devastated by troops The Mandate ~~then~~ refers to a memorial signed by twenty-seven Tuchuns and military leaders advocating a reduction of the troops by 20 per cent. all round, and re organization of taxes. ~~Whether the memorial means that the disbandment would enable taxes to be cut down or that there are two collateral schemes, reorganization of revenue over and above the saving effected by reducing the army is not clear.~~

~~At any the plan is approved, and~~ It may be noted that of all the principal military men in China to-day, the names only of Lu Yung-ting, Governor-General of the two Kwangs, Tang Chi-yao, Tuchun of Yunnan, and the redoubtable " Little Hsu " are absent from among the signatories. Of these the two former, ~~with Hsiung Keh-wu, of Szechuan,~~ are now reported to have given their assent. Such reputed fire-eaters as Generals Nyi Tsze-chung, Chang Tso-lin and Tsao Kun appear alongside the names of enlightened leaders like Tuchun Li Shun, and Governor Yen of Shansi.

No one would question the accuracy of the picture drawn or the need of the reforms announced. Whether they go far enough. whether even the small reduction ~~advocated could~~ be enforced in the present state of China is another and more doubtful question. No one knows exactly the number of men nominally enrolled in the provincial armies, but a conservative estimate has put them at not fewer than 800,000 or 1,000,000. A reduction of 20 per cent on that figure still leaves more soldiers on the pay roll than China has any need to support. We do not in the least question her right to maintain a standing army of six or eight hundred thousand men if she wishes to do so, and, in a country so rich and so large, with proper administration of revenue, their maintenance need not cripple her financially. But reduction by one fifth only, when spread over all China, would not have that striking moral effect on the nation which is desirable and which President Hsu Shih-chang, we are sure, sincerely desires; and it would still leave far too many men in the hands of leaders who may not be proof against the temptation to gain their ends by threat of force. It ~~would~~ be long, we fear, before the army had swollen to its old figures. The force of attraction exerted by any given body, as we all know, depends on its size. The larger the number of men left arms in China, the more speedily ~~would~~ they attract to themselves recruits.

Moreover, it is impossible not to suspect that the eagerness of some of those who signed the memorial to the President is prompted by rumours that the Powers will not lend China any more money unless her army is rigidly cut down. This was certainly the sense of a meeting of representatives of Powers composing (or to compose) the new Consortium which was held in Paris late in September. It would not be the firsttime that Chinese sense of what the Powers are likely to ask of them, had contrived to anticipate awkward questions by an expedient which would satisfy nobody but which it would be almost imposible to reject.

We do not believe that that is the idea of President Hsu or some ~~other~~ of his advisers, and for this reason, and because the notion of disbandment is so wholly admirable, we venture to express an earnest hope that the scheme thus formally approved ~~and underlined~~ as an urgent piece of national reform may be carried out with that thoroughness which alone can make it worth while. And to this end it is obviously desirable that China should apply to the Powers, ~~More or less~~ as Persia has ~~arranged~~ to ~~do with~~ Great Britain, for a few capable officers to assist in the disbandment. The problem, in view of the complexity of conditions prevailing in the different provinces, is one of great difficulty, and though we do not suggest that China is incapable of handling it alone, there could be no question of the time, the trouble and the expense to be saved by the employment of expert foreign advisers who ~~it may be recalled,~~ have recently had a good deal of experience in disbanding armies at home. There would of course be no question of military control. The utmost care must be taken to guard against any suggestion of that kind, which would inevitably ruin the whole scheme. But it must be remembered that merely to disband the soldiers, to give them a few dollars apiece and turn them adrift would be of no permanent use. That has been tried before and found wanting. The country cannot absorb the men. The bandits will. Some scheme of employment must be found; and in this connexion the plan worked out by Brigadier-General C. D. Burce some five years ago for a provincial gendarmerie to police waterways and roads and keep down robbers recurs to the mind with no small force. The enormous impetus to trade thus given would mean additional employment for all the surplus soldiers that China has, and for others besides, now driven to less orthodox ways of making a living. If China could be induced to approach the Powers frankly with some such scheme as this, she would do incalculable good in restoring confidence abroad and in putting an end to the weary internal dissensions of which the nation is so desperately tired.

SUBJECT Political

From 59- Foreign

No. Date 19

Replying to No. Date 19

FROM THE PEKING LEADER, Peking. December,10th 1919.

THE COST OF ANTI-JAPANISM.

(We would draw the particular attention of our readers to this expression of opinion from the sober and well-informed "Japan Advertiser" Ed.)

[From the Japan Advertiser, December, 1919]:

The Chinese boycott of Japanese goods is having a serious effect. Some lines which up till May were properous are reduced to shadows of their former selves, and the Foochow incident has generated an amount of anti-Japanese feeling which cannot but intensify the trouble. Figures published by the Herald of Asia show a great falling off in trade. Between May and September China's imports from Japan in certain articles of daily consumption were as shown below ;

	May	June	September
Cotton yarn (piculs).....	12,470	3,099	3,954
Paper (piculs)	21,097	7,956	7,450
Cotton cloth(yards).....	867,000	356,000	167,000
Umbrellas	343,000	49,000	6,000
Canvas bags	1,378,000	474,000	456,000
Matches (gross)	499,000	115,000	269,000

There have been Chinese boycott before and they have usually produced a restriction of trade for a time, and then have gradually petered out. The agitation which caused them ceased to make a lively impression on the public mind, and the need of goods reasserted itself. No doubt the present agitation will in time succumb to the same causes, but the Foochow affair has had the unfortunate effect of reviving it at a moment when Japan's war monopoly is passing away and when other countries are able to make strenuous efforts to recover old trade and acquire new. China, with the exchange so heavily weighted in her favor, is able to purchase foreign goods that were beyond her reach before. Markets lost now may be lost for an indefinite time to come.

To those commercial considerations certain political factors of a serious nature must be added. The anti-Japanese movement in China is mainly in the hands of the Students' Union. This means that the rising generation of Chinese are growing up to hate Japan. Their first political impressions are being formed by an agitation which represents Japan as the principal aggressor upon China. We do not defend that agitation, or claim that it is justified. But there it is, a tangible thing, exercising an

influence

Binding Margin.

China Efforts anti Cause 1 to Boycott.

SUBJECT

From

No. Date , 19

Replying to No. Date , 19

influence in China which is daily increasing in strength, and producing those actual and immediate losses which are indicated in the trade returns quoted above. The Japan Times yesterday published a long statement, ~~circulated by Kokusai,~~ according to which the Y. M. C. A. is responsible for much of the political intrigue in China, the officers and members of that Association, "particularly the Americans," being "noticeably Anti-Japanese in their attitude." It is added that foreign members or officials of the Y. M. C. A. took part in the fighting at ~~Foochow~~ Fuchow and were seen "urging them (the Chinese students) on to violence against the Formosans and Japanese." The Y. M. C. A. is a well-known institution, quite able to defend itself. In spite of the " reliable," but anonymous, reports made in "official circles," which are otherwise unnamed, but which may conceivably have some connection with the War Office, we shall regard the statement that foreign officials of the Y.M.C.A. took part in the fighting and incited the Chinese to attack the Japanese as improbable until it is supported by evidence. As for the suggestion that the Y.M.C.A. is the hidden cause of the agitation against Japan, it is about as sensible as it would be to say that the fly on the wheel makes the engine go round. It is not in the power of any foreign society in China to raise a popular agitation of the kind which has raged for months. The ordinary Chinaman would very properly laugh at the missionary who urged him not to buy any particular kind of goods that he wanted to buy. Let any Japanese ask himself whether the Y. M. C.A. in Japan could create an agitation of such a nature here and he will realize how futile is the delusion that the anti-Japanese sentiment now raging in China is the product of foreigners.

The reputation of American missionary enterprises in China is of relatively little importance in this connection. It is of serious importance, however, that the Japanese people, as the people principally concerned with China's foreign relations, should not be misled into imagining that any forign individuals or societies are the cause of the present unhappy Sino-Japanese relations. Such an achievement is altogether beyond the power of the foreigner in China. Its source must be looked for elsewhere. This is recognized by the Japanese press when policy towards China is being discussed on general lines, or when an unpopular ministry is being criticized. The China policy of the Terauchi Cabinet, for example, was denounced, after the event, by almost every newspaper in Japan. But when specific troubles arise there is a disposition to forget that the particular is connected with the general. Former policies are condemned, but it is forgotten that present troubles are the product of those policies. The fountain-head of anti-Japanese feeling in

China

Binding Margin.

*SUBJECT*_____

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*From*_____

*No.*_____ *Date*_____, *19*

*Replying to No.*_____*Date*_____, 19

China is the Chinese people's dread that Japan cherishes aggressive intentions. To overcome that fear and to create a feeling of friendship and confidence is Japan's principal need in China to-day. The relations of the two countries must be built upon goodwill. Only in such relations can Japan hope to enjoy the economic fruits of her special position, industrial and geographical in relation to China. The rewards of a policy which should bring China and Japan into bonds of friendship and confidence are incalculable. The rewards of a policy which, either because it is mistaken or because it is misunderstood, appears to the Chinese people to be aggressive, are to be seen in the figures given above and in the anti-Japanese sentiment which has spread throughout the educated younger generation of Chinese. It is for the Japanese people to choose in the light of facts which they may plainly read.

Binding Margin.

FROM: THE PEKING LEADER, Peking. December, 10th 1919.

BOYCOTT OF JAPANESE GOODS.

CHAMBER OF COMMERCE SENDS OUT CIRCULAR NOTICE.

As a result of his signing a declaration guaranteeing all the members of the Chamber of Commerce to boycott Japanese goods and banknotes forever, Mr. An Ti-shang, Chairman of the Chamber, has issued an extraordinary notice to all the firms enlisted in the Chamber as follows :

"Owing to the Foochow case, a Citizens' Mass Meeting was held at the Tienanmen on the 7th instant. It was decided that hereafter no more low grade goods should be purchased and that within three days all such goods now in the possession of our members should be shelved and stored away. If any member dares to deal with low grade goods from now on the Chamber will not be responsible for any consequence that may ensue. We make this declaration in the hope that everybody would conscientiously do his part in prosecuting the boycott to the bitter end."

JAPANESE RESIDENTS HOLD MEETING.

*SUBJECT*_____

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*From*_____

*No.*_____ *Date*_____, *19*

*Replying to No.*_____*Date*_____, 19

The directors of the Japanese Club in Peking hold a meeting yesterday to discuss measures to deal with the boycott movement. It was decided that another meeting will be called this afternnon at two o'clock and the Japanese Minister will be requested to be present. It is stated that the latter has submitted a detailed report about Sunday's Citizens Meeting to the Tokyo Government ; it is needless to say that Mr. Obata is paying special attention to the Chinese people's movements in consequence of the Foochow fracas. There was a larger crowd than ever before the Yokohama Specie Bank yesterday, some went to cash money with notes while others draw their deposits.

FROM: SHUN TIEN SHIH PAO, (Japanese) Peking.
December 13th, 1919.

According to a Nanking telegram dated the 11th instant a number of students of the schools established by the Americans there, as if to respond to the boycott movement in Shanghai, rushed into the Chinese shops, and burned up the Japanese goods in them. It goes on to say that nothing has been done by the officials to deal with the case, and it was only after the proclamation of a restriction law that local oeder was restored.

Binding Margin.

Political
59 - Foreign

FROM : THE NORTH CHINA STANDARD, (Japanese) Peking, China.
December 18th, 1919.

BOYCOTTS

JAN 24 1920

The Chinese Students, in making house to house visits to the stores for boycotting Japanese goods, overlook the fact that Japan-made comodities now command a very large and extensive demand in this city. In fact the stores are not few which sell nothing but Japan-made goods.

The Students, in making these house to house calls, accompany their visits with a threat that the failure to cease to deal in Japanese goods will be punished by burning or otherwise destroying those goods kept in the store.

The Japanese goods kept in Chinese stores represent Chinese capital invested, and, therefore, destruction of such goods is tantamount to destruction of Chinese capital.

The trade relations between China and Japan have now realized a very wonderful degree of development and in many kinds of commodities, for which there is a demand so strong and which are almost indispensable here, Japan is the sole supplier. Attempts have been made to replace those Japanese goods, but they have invariably proved futile. The Japanese manufactures, by years of experience, now know how to keep themselves alive to Chinese wants and requirements. There are many Chinese merchants who deal in no other goods than Japanese manufactures.

In the face of this fact, the demand, on the part of the Chinese students, that those of their own countrymen who make their living by the sale of Japanese goods must cease to offer them for sale, is another form of a wilful attempt to deprive these dealers of the means of support for themselves and their families. This point is sadly overlooked by the Chinese students who, as the saying goes, "recognize no mountain in their chase after the stag." Excessive zeal has completely deprived them of the balance of judgment, and led them to act in a manner which would be the last for them to follow in their calmer moments, the more so when it is remembered that the students come from the educated classes in the majority of instances. It is highly deplorable that "those to whom China belongs in future" should permit themselves to fall victims to a mania which is not only injurious if not dangerous, in international relations, but also actually suicidal in its ultimate effect.

The remarks of The Outlook in its issue of October 29 condemn the printers on strike as "radical, revolutionary and false leaders of labour." It makes us feel that the action of the Chinese students above mentioned is not comparable to the printers whom the paper so vehemently condemns, for the student's action when successful, amounts to practical destruction of trade which is actually of national benefit to China.

In conclusion, it must be remembered that the Chinese merchants in Japan are being made to suffer heavy losses to satisfy the whim of a pack of irrepressible school-boys, whose teachers, apparently, have not the authority, even if they have the desire, to keep them under control.

2. Boards or cards with such requests as "Don't Buy Japanese Goods", "Don't use Japanese Banknotes", etc. shall be posted at the entrances to every Hutung and along the streets.

The People's Day

[FROM: THE NORTH CHINA STAR, Tientsin, China. December. 21st, 1919.]

~~"TODAY IS THE PEOPLE'S DAY"~~

Says Speaker at Nankai Mass-Meeting--300,000 Present, 50,000 Admitted to Enclosure-- Ten Cart-Loads Of Japanese Goods Burned-Parades Without Untowards Incident.

With between two and three hundred thousand people forced to stand outside, fifty thousand people were admitted to the giant enclosure constructed of mats on Nankai Field yesterday afternoon. Every individual entering at the two gates was scrutinized by sentries of the Merchants' Brigade, who were splendidly uniformed, and, with the assistance of the Boy Scouts, kept excellent order throughout.

Speaking began at 1.40 p.m., Mr. Wang Lei-ming, Vice-speaker of the Assembly, acting as chairman. Mr. Pien Tueh-ting, President of the Chamber of Commerce, was the first speaker, his topic being "Independence and Liberty." A local paper, he stated, had announced that he was sick and could not attend, but he asked the audience if it was evident that he was on deck or not. The hope of China, he said, is to press the Japanese Boycott to the finish.

~~Senate's Resolution Commended~~

Mr. Hsia Chin-hsi, Secretary of the Chamber, followed, with the slogan: "Today is the People's Day." The purpose of the mass-meeting, he said, is to spur the people to independent thought and a sense of responsibility for their country. This is necessary, because the government is weak, and a dangerous crisis is upon the nation, which is a hairs-breadth from ruin. The determination of the American Senate to protect Chinese sovereignty in Tsingtao had produced results, and most fortunate at this time is the concurrance of Great Britain and France with the Senate's resolution. "Awaken!" he concluded, "Can we longer leave everything to the direction of Japanese-controlled officials? Today the People express themselves!"

Mr. Keng Mei-hsien, of the local Bar Association, followed, with the question: "How comes a country?" There must first be a people, he said, then a government: the two working together make up a "country" in the modern sense. But there is one part of the government which thinks to repress the people by military force. But the greater their strength, the greater opposition induced to them. "Do you think they can suppress us?" concluded the speaker, and a great yell of "NO!" and a waving of flags answered him.

Mr. Meng Chen-hou, editor of the Tai Wu Shih Pao, was the last speaker. "Our mass-meeting," said he, "is not to regulate Japan or Japanese godds. We lost Korea and Formosa, this our government did for us. We must first regulate ourselves. Many of us still engage in Japanese trade. There is one party in our government which thrives on Japanese money. See that cart of Japanese goods coming?" At this moment a horse-cart of Japanese goods escorted by students drove up to the enclosure, followed by ten cart-loads, rickshaws full and students' arms' full. An abrupt end was put to the speaking, while the crowd fell upon the goods and made an immense bonfire, smashing those which could not be burned. The goods consisted of cloth in bolts, porcelain, galvanized iron goods,

gloves, nosiery, soap, toys and notions.

~~Resolutions on Foochow~~

After the burning a proclamation containing the six resolutions of the mass-meeting relative to the ~~Foochow~~ Fu-chau incident was distributed. They are:

1. That the ~~Foochow~~ Japanese Consul-General be changed.
2. Demand for apology by the Japanese Minister in Peking.
3. Payment of Damages to Injured.
4. That Japanese in China be forbidden to bear arms.
5. Those guilty for the affair be punished.
6. The immediate removal of Japanese gunboats from ~~Foochow~~ Fu-chau.

The parade was then ~~sent out~~, consisting of twenty-thousand people, who circled the old Chinese city ~~on South, East and North Ma Lu, proceeding down Kuo Tin Chieh and Ku I shih Chieh to the East Gate, where~~ they dispersed at 5 p.m. The order of the parade was: Boy Scouts, Bands, Pei Yang University, students of all other schools, Merchants by Guilds, numbering over ten, Catholic Church societies, Ten Men Groups, Christian Societies, Canton and Fokien Guilds, The People.

Evidently the pressing invitation of two days ago was heeded, as no Japanese were in evidence; neither did the gendarmes of General Yang ~~[illegible]~~ put in any appearance on the field or make any attempt to stop the parade. The goods burned at Nankai were those of merchants who refused to heed the exhortation to take Japanese goods off of display before yesterday. Four horse-cart loads of Japanese goods were delivered at the Chamber of Commerce by merchants yesterday according to the original plan of the Chamber not to burn such goods but to display them in some public place for sale, proceeds going to the merchants owning them. Further plans will be laid regarding this at a meeting of the Chamber this morning.

~~Business Suspended Half-Day~~

Practically all business in the Chinese City suspended half day yesterday, notices being put out on the front of shops reading: "In ~~reception~~ of the People's mass-meeting, we close for half day." In evidence of the patriotism of the Chinese merchants, the Chamber of Commerce estimates that the half-day closing cost them $400,000 loss.

An incident of the day was the seizure and burning of some American cloth from a cloth store which was mistaken as Japanese goods. When pressed to make trouble for the students, the proprietors declared: "We are in full sympathy with the movement, and would certainly not attack it over this mistake." The Students' Union is taking steps to make good the loss.

It is reported that two regiments of soldiers ~~numbering several ten thousands of men~~ were sent from Paoting to watch the trend of affairs in Tientsin yesterday. They detrained ~~at Cha Chia Chuang~~, seven miles out, where trains were held in readiness to rush them into the city upon a moment's notice.

However, neither need nor excuse for their presence here arose. The universal opinion is that in Tientsin, which has heretofore been accused of being negligent by sister ports, the Boycott is now on.

SUBJECT_____

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From H. A.

No._____ Date_____, 19

Replying to No._____ Date_____, 19

~~FROM : THE NORTH CHINA STAR, Tientsin, December 16th, 1919.~~

REC'D, M. I. B., O. C. JAN 24 1920

A Chinese Philosopher-President

~~Ex-President Li Sits In " Pit "~~
~~With Students.~~

[From the Tientsin North China Star, December 16, 1919]:

General Li Yuan-hung, ex-President of China and one of Tientsin's most wealthy residents, taught the rising generation a lesson of personal economy and democracy last night by buying a twenty-cent ticket and sitting in the "pit" of the new Hsin Wu Theater, on the first night of its opening, as the host of twenty students of his province, Hupeh, who are on a tour of sight seeing in the north.

Asked for an explanation of his act, which is most novel for a Chinese "great man, " General Li stated that his desire was to teach a lesson of democracy and economy to the students. He appeared in an old thin uniform. Asked if he were not cold, sitting thus in the unheated building, he replied that personal comfort is a matter of thinking, and if one does not think cold, he will not feel cold.

The students arrived from Hupeh on their trip yesterday and called on ex-President Li in the afternoon. The ex-President took them all to the theater last night in this democratic fashion and had them banqueted by his aide-de-camp in the Teh-I-Lou after the play.

Binding Margin.

SUBJECT Political

From HA 17- Political

No. Date , 19

Replying to No. Date , 19

REC'D, M. I. B., O. C. S. JAN 2 4 1920

FROM: THE PEKING LEADER, Peking, December 2nd, 1919.

MANDATES

Now that the autonomy of Outer Mongolia is cancelled, all affairs pertaining to the restoration of the conditions of this territory are so essential to the welfare of its inhabitants that the management of them should be executed with great care. Hsu Shu-chen, the Defence Commissioner of Northwestern frontiers, is hereby ordered to supertise all such affairs. The offices of the Resident Commissioner and of the Secretaries shall hereafter be cancelled. As to the question of reorganizing the government system in this connexion, the Cabinet Office and the authorities concerned are hereby ordered to make a study into the matter and to tender their decisions for consideration. Pending the promulgation of new regulations, the office of the Resident Commissioner at Urga shall be annexed to that of the North-western Defence Commissioner, and those of the Secretaries shall be altered into subordinate departmental offices to take charge of the affairs now in the hands of the Defence Commissioner.

The Defence Commissioner shall therefore, upon close observation of the conditions in the frontier districts, think what effective plams be formulated to govern them, so as to realise the President's sincere wish for the welfare of Mongolia.

Chinese Plans for Mongolia

[FROM: THE CHINA PRESS, Shanghai, China. December 11, 1919];
~~December 11th~~, 1919.

~~THREE BRIGADES OF TROOPS WILL GO TO MONGOLIA~~.

The Government has decided to send three brigades of the Frontier Defense Army to Mongolia to take up permanent stations there as soon as they can be equipped for the journey. One of these brigades will, according to information from the Frontier Defense Bureau, start for Mongolian territory with General Hsu Shu-cheng on about the 15th of this month, while a second brigade will set out for the North by the end of this year. The third brigade will not be equipped for the trip until early next Spring and will then take up quarters in the southern part of Outer Mongolia.

These forces, which will give General Hsu an army of about 10,000 men in Outer Mongolia, will be quartered in various parts of the country for the purpose of maintaining law and order and of policing the Russo-Mongolian frontiers.

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From_____

No._____ Date_____, 19

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They are to be assisted in this work by a Mongolian cavalry division which is to be equipped with Chinese funds and trained by officers in General Hsu's command. The cost of the upkeep of these forces fall upon the Chinese administration in Outer Mongolia, which will have to devise a special set of taxes in order to obtain the necessary revenues.

When General Hsu Shu-cheng sets out for Mongolia this month, he will take with him a number of decorations for the living Buddha and those Mongolian officials who were helpful in bringing about the cancellation of Outer Mongolian authnomy; and the Government at Peking has likewise provided Hsu with costly gifts for the leading princes at Urga, as well as with $100,000 for the relief of the Mongolian poor.

In this last connection it has been hinted here that the "Mongolian poor"will consist largely of the Chinese army at Urga and of those Mongolian dukes who have opposed the cancellation of their country's autonomy and are at present making trouble for the Chinese.

Mongolia has never had a pauper problem, her crops and her herds sufficing for all the needs of her people, and there is no reason for believing that conditions there are any different this year from what they have been for the past few centuries. But Little Hsu certainly needs money for his soldiers and for the pacification of recalcitrant Mongol chieftains, and the guise of a gift to the poor does as well as any other.

"camouflage"

FROM: REUTER'S SERVICE, December 16th, 1919.

Gen. Hsu Requires Five Million Dollars For Mongolian Adiministration.

General Hsu Shu-chen has returned from Tsinan and Loyang where he inspected the first and second divisions of the frontier defence army for the purpose, it is reported, of selecting fresh officers and soldiers for services in Outer Mongolia where a large Chinese armed force is necessary for the maintenance of peace and order after the renouncement of its autonomy. The Mongolian official system will be changed and it is estimated that above five million dollars are requited by General Hsu this time when he goes to Urga to confer decorations upon Mongolian Princes and Nobles.

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SUBJECT

From H.A.

No. Date , 19

Replying to No. Date , 19

JAN 24 1920

Chinese Students in France.

[FROM : THE PEKING AND TIENTSIN TIMES, Tientsin.
December 15th, 1919.

CHINESE STUDENTS IN FRANCE.
Big Influx

Chinese students will be pouring into France at the rate of five or six thousand a year for the next two years. This influx is due to the fact that German seats of learning will be largely avoided by young Chinese, while the Japanese colleges are being deserted by the Chinese contingents owing to their national feelings being hurt over the Shantung affair. On the other hand the United States is barred to those who do not have on landing at least $500. No such rule as this exists in France, which thus has a unique opportunity of shaping the career of those destined to be the nucleus of intellectual and industrial China of to-morrow. French transportation companies are granting cheap rates to Chinese students, most of whom have undergone years of preparation in European schools in China. Close upon a thousand young Chinese are in France learning modern scientific methods of industry, finance, commerce and agriculture. The finishing touches of European education, before the students are dispersed among different colleges in the French provinces, will be administered at a small club house at Colombes, near Paris, where to-day two hundred new arrivals were to be found hanging upon the utterances of the oldest instructor in a tent provided by American sympathisers, including Mrs. Hughes, Mrs. Wilson, and Messrs. Le Roux, Herman Duryea and Astor Chandler, who organized aid to provide young Chinese with adequate accommodation in a large house in the Italian quarter, ~~instead of the congestion which the club now affords~~. Although their training will be French, nevertheless the students are admirers of American institutions, access to which is unfortunately barred to many by monetary considerations. ~~They have already named one club house The Benjamin Franklin Room~~. Their earnestness and unmistakable and their avidity for western knowledge, ~~is evinced by breathless attention to the words of the monitors~~. Their welfare is being looked after by their own Association, the statutes of which exact from members a vow to live cleanly and frugally and abstain from gambling and opium smoking.

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SUBJECT Political

From H.A. 17-Political

No. Date , 19

Replying to No. Date , 19

M.I.B. C.C. JAN 24 1920

FROM : ASIATIC NEWS AGENCY, Nanking, December 6th, 1919.

RAPPROACHMENT OF FENG AND TUAN FACTIONS.

The first sign of the rapprochment of the Feng Kuo-chang and the Tuan Chi-jui factions of the Peiyang Military party by Premier Chin has been shown by the receipt of a telegram from the Cabinet informing General Li Shun that General Chang Tso-lin of Fengtien is willing to receive any representative from Nanking so as to re-establish his former friendship with General Li for the welfare of the Republic of China, because on account of different political opinions and views, the two important military governors of the Peiyang party have been at loggerheads. General Li has, therefore, selected Major-General Tien of the sixth division to act as his special representative for proceeding to Mukden to see General Chang so as to re-establish their former cordial relations. General Tsao Kun, who is on the best terms with Chang Tso-lin, has promised to send his chief of staff to accompany General Tien to Mukden for this purpose. This step is regarded as very important and bears great significance on the relations between North and South, because it shows that Peking is doing its best to reconcile the two principal factions of the Peiyang Party for presenting a united front towards the south-west in case of the failure of further peaceful negotiations, and its result is being watched with great interest by the southerners.

FROM : THE PEKING & TIENTSIN TIMES, Tientsin.
December 17th. 1919.

HSU SEEKS CONTROL OVER RAILWAYS.

The Chinese Press recently reported that the Peking-Hankow and Peking Suiyuan railway lines would be connected so that trains could run interruptedly from Hanlow to Suiyaun. The plan is said to have originated with General Ting Shih-yuan and Hsu Shu-tseng, but it is believed that the Ministry of Communications is not in favour of the project. The idea of the promoters is to construct a central station south of the Chien-men and link up the two lines there, and there seems to be much in favour of the scheme, excepting for the fact that rival interests may clash under such an arrangement. The belief that the scheme is mainly political is strengthened by the repost that General Ting also suggests that all the railway police along these two lines

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should be replaced by two brigades of troops under his command, thus finding employment for soldiers that otherwise would be disbanded under the proposed disbandment plan. It is believed in Chinese circles that a similar suggestion will made regarding the Tientsin-Pukow line, and if these proposals were carried out General Hsu would then exercise military control over the railways as far as the yangtze Valley, which would greatly strengthen the Anfu Club and its supporters.

~~FREEXXXSIATICXMEXXXAGENCYXXXXXXXXXXX~~

Ambitions of Hsu Hsu-chen

from YI SHIH PAO, Peking, Non-party Liberal, December 13th, 1919.

Hsu Hsu-chen, High Defence Commissioner for the Northwestern Frontiers, intends to extend his influence to the province of Sinkiang. Under the pretext of taking precautionary measures against emergencies on the borders in view of the ~~strife between the~~ Bolshevik troops, the High Commissioner proposes to send a number of Frontier Defence Forces into Sinkiang. Tuchun ~~Yang Tseng-hsin~~ of the province is strongly opposed to this suggestion. He wires to Peking saying that his troops are quite sufficient for defensive purposes at Ili, ~~Tacheng~~, Kashgar and other frontier places and no outside troops are needed. General Yang further assures the Government that, as he is well-acquainted with the conditions on the frontiers, he will assume full responsibility for the maintenance of peace and order in Sinkiang.

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[FROM : THE PEKING & TIENTSIN TIMES, Tientsin.
December 18th, 1919.]

~~INTERESTS REGARDED.~~

JAN 24 1920

CHINESE
NEW NAVAL MINISTER'S ZEAL FOR REFORM.

Since Admiral Sah took over the Ministry of the Navy many of the old employees of that department have been showing great signs of nervousness on account of the reforms that are likely to be put into operation at an early date. The former Minister of Marine had held office for a very long period, being termed in some circles as the Chinese "Vicar of Bray," for it mattered not how many times the Cabinet was overthrown, he remained as Minister of the Navy. As is common in China, a large number of his relatives and political supporters were given fat jobs and retained them as long as Admiral Liu remained in power. It is the general belief that, while Admiral Sah Chen-ping has no intention of dismissing those who are qualified to carry out their work or those who are necessary to the department, in his reorganization scheme, which he intends to put into force at an early date, he means to remove all those who are not graduates of a naval academy or school, or who have not had a technical training. It is also planned that the obsolete vessels should be scrapped and new ones secured suitable for river and coastal defence. It is also planned that a new Naval College shall be brought into being so that an up-to-date naval training can be secured by Chinese in this country. A number of efficient and experienced naval instructors are to be employed, and great attention is to be given to gunnery. That there will be opposition to the removal of a number of those who have been in the Navy Department for so long there is no doubt, for many of them are members of the Anfu Party, and that organization always puts up a strong fight whenever it is suggested that some of its members should be removed from posts in the Government service. In fact it can be said that the strength of the Anfu Club, both as regards finance and numbers, depends on ~~the strength which it uses to~~ keeping its members in well paid government positions. Admiral Sah, throughout his official career, has always ~~maintained~~ the highest regard and confidence of his countrymen and foreigners alike. He has had a sound training in his profession and has served in nearly every position in the navy, besides having been Minister of the Navy before.

MILITARY NOTES.

FROM: "PEKING LEADER", Peking, China,
December 16, 1919.

JAPANESE ESTABLISHES ARSENAL IN ANTUNG.

With regard to the establishment of an arsenal in Antung by the Japanese, a detailed report by the agent of the Diplomatic Body has been received. The ostensible name of the arsenal is Mineral Gun Powder Company, under the management of Ahashi, former Chief of Police of Antung. The Japanese say it is a commercial concern, but in reality it is a governmental factory. This arsenal has recently stored 20,000 piculs of Chili Saltpetre, 22 tons of Chinese Saltpetre and 100 tons of Japanese sulphur, with which operation has commenced ever since the 16th of last November.

In view of the above report, question is being raised among the Diplomatic Body as to why the Ministry of War has permitted the Japanese to import gun powder materials.

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RECD M.I.B., G.C.S JAN 2 1920

ITALIAN ARMS IMPORTED, WITHOUT KNOWLEDGE OF CHINESE GOVERNMENT.

FROM: "PEKING LEADER", Peking, China,
December 6th, 1919.

With reference to the importation of Italian arms and munitions into north China, the Central Government has wired to Tientsin instructing the Chinese authorities to find out the reasons why the arms have been imported into this country without previous knowledge or approval of the Chinese government and whether they really intended for the use of the Italian armed forces in Peking and Tientsin as the Italian authorities claim ~~to be~~ a the case. In view of the existing chaotic condition in China, certain Chinese politicians are agitating that the arms should be placed under international curtody until the restoration of domestic peace and unity between north and south. It is reported that a certain quantity of the Italian arms has already been re-transmitted to Mukden for the troops under General Chang Tso-lin and this has raised strong opposition on the part of the southerners who are of the opinion that the Italian arms will be used for the suppression of the south-west.

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AIR MINISTRY NOTES.

Comlat 70 Aerial

SUBJECT

From H.A.

No. Date 19

Replying to No. Date 19

FROM : THE REUTER'S SERVICE. Peking, December 9th 1919.

A.C.D., M.I.B., G.H.Q. JAN 24 1920

GIANT HANDLEY PAGE MACHINE.

Makes Successful Exhibition Flight.

A large and representative gathering was able yesterday afternoon to enjoy one of the finest sights Peking has witnessed. The giant Handley Page No.1 aeroplane had been advertised to make an exhibition flight at 2.30 p.m. but it was impossible at that hour to see the aerodome owing to the heavy dust storm that swept over the ground at forty miles an hour. Shortly before 3.30 p.m., however, the dust almost disappeared although the wind register still recorded between thirty-five and forty miles an hour when the mammoth aeroplane was hauled out of the hanger. To many present who had been only small machines it seemed incredible that such a monster could even rise under favorable conditions, and to do so in the face of such a heavy wind appeared impossible.

The clever and daring pilot, Captain Mackenzie, and the observer, Mr. Jack Barson, after a brief look around to see that all was well climbed into their seats, and the pilot then gave the word to let go. The machine ran along the ground for a short distance and then soared into the air as gracefully as a bird. Steadily climbing to 3,000 feet the aeroplane encountered a bitterly cold wind of sixty miles an hour, which apparently made no difference to her stability. The route taken from Nanyuan was to the Temple of Heaven against the wind. In returning she travelled at 130 miles an hour, landing perfectly after a thirty minutes flight. The passengers expressed themselves in the highest possible terms regarding her behaviour. China, said a passenger, has indeed made wonderful progress in aviation by procuring such machines. We understand that Mr. Momin was responsible for the perfect condition of the twin 350 H.P. Rolls Royce engines, while Mr. Lamedale is in charge of the rigging. They received many congratulations on the splendid condition of the machine.

The spacious warm saloon of the aeroplane is fitted with ten comfortable easy chairs, and there is ample space for luggage while in the nose of the machine just in front of the pilot and observer's seats there is room for two additional

passengers

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*From*_____

*No.*_____ *Date*_____, 19

*Replying to No.*_____ *Date*_____, 19

passengers prepared to face the elements. These cool positions yesterday were occupied by Messrs. Barson, and M. C. Henning, while S. Y. Wei, of the Ministry of Communications General Ching, Captain Tyler and Dr. Lee were in the saloon, and had a very comfortable ride

FROM : THE PEKING & TIENTSIN TIMES, Tientsin, 17th, December, 1919.

HANDLEY-PAGE GIANT MAKES ANOTHER FLIGHT.

The residents of Peking this afternnon had the opportunity of seeing one of the new Handley-Page machines in action. The machine, with a number of passengers, flew several times around the city and was an object of much interest to the people. In comparison with those which have previously flown over the city this machine looked like an eagle compared to a crow.

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
2129-18
JUN 8 1920

The following articles are believed to be accurate in substance.

In Siberia and Manchuria there is no question but that the Siberian and Koreans are almost entirely bitterly anti-Japanese. The Chinese cannot be relied upon to such an extent however.

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"Peking & Tientsin Times", April 16th, 1920.

JAPANESE TO WITHDRAW WHEN BOLSHEVISM IS WIPED OUT.

Reported Declaration of Consul.

Mukden, April 12.

"With reference to the sudden action of the Japanese military authorities along the Harbin-Manchuli section of the Chinese Eastern Railway, the Japanese Consul-General in Mukden has notified General Chang Tso-lin, high Commissioner of the three Eastern provinces of Manchuria, to the effect that the existing movements of the Japanese troops are solely intended for the protection of Japanese interests and the lives and property of Japanese merchants in Korea and Manchuria in view of the rapid spread of Russian Bolshevism in Eastern Siberia without any ulterior design against China, the sovereign power of Manchuria, so that there should be no misconception on the part of the Chinese people. The message adds that the Japanese troops will be withdrawn as soon as Bolshevism has been entirely wiped out.

LARGE JAPANESE FORCES.

For the reinforcement of the strength of the Japanese troops in Harbin and Hailar, one regiment of Japanese troops from Dairen is proceeding to North Manchuria. There are great activities in the Japanese army headquarters at Kungchuling, Tienling, Liaoyang and Port Authur and it is roughly estimated by Chinese Military experts that since the beginning of the Siberian expedition of the Allies in the Spring of 1918, the strength of the Japanese occupation army in Manchuria has been augmented by fully two army divisions, excluding the thirteenth and the fourteenth divisions in Siberia and along the Sino-Russian frontiers. According to Chinese officials' reports, there are at present about one hundred thousand Japanese troops in this part of the Chinese Republic without counting the large number of reservists of the Imperial Japanese Army who are now engaging in various sorts of trades in Fengtien, Kirin and Heilungkiang and whose services can be immediately utilised for military purposes at a few hours notice.

TWO HELPLESS AND DREAMING GIANTS.

Wild rumours are in circulation in South Manchuria at the moment and the ignorant natives say solemnly that taking advantage of the existing situation in both Russia and China, who are described as two helpless and dreaming giants, our Japanese friends will annex the whole of Manchuria this time. But this story is not believed by the intelligent and educated Chinese who are of the opinion that there is no necessity for Japan to annex Manchuria at all because under the existing circumstances, Fengtien, Kirin and Heilungkiang are more under Japanese control than under the Chinese and this can be proved by facts.

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"North China Star", (American) April 15th, 1920.

JAPANESE DRAWING THE CONFLICT INTO CHINESE TERRITORY.

Making Studied Policy of Taking Over Chinese Eastern Railway - Russian Workmen Arrested By Wholesale- Chinese Withdrew in Face of Superior Forces.

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"Harbin, Apr. 13. - According to Chinese reports, the sudden action of the Japanese military commanders in taking over control of the Changchun-Harbin section of the Chinese Eastern Railway is to carry out Japan's agreement with the late Kerensky government with the endorsement of the Russian Soviet. But on the other hand, it is reliably reported that Japan is drawing the war with the Russian socialist revolutionaries and the "Reds" into Chinese territory so that it is a "military necessity" for the Japanese troops to occupy these strategical points along the Chinese Eastern Railway, the Amurisk and the Ussurisk railways and that the recent occupation of the Manchuli station by the Japanese army is part of the general program to be gradually and effectively put into force in Manchuria, Mongolia and Siberia.

Now a perilous situation has been created by the wholesale apprehension and imprisonment of Russian workmen and agents who are called "extremists" by the Japanese militarists so that "for the preservation of peace," the Japanese troops must occupy important and strategical stations between Harbin and Manchuli including Hailar. The Chinese are helpless in face of the Japanese activities, partially due to the existence of the Sino-Japanese military pact and partially due to the highhanded actions of the Japanese militarists, so that whenever the Japanese troops appear along the line, the Chinese troops are withdrawn by order of their commanders for "preventing armed conflict with a superior foreign force" in Chinese territory. No definite information has been received by the officials about the incident in Hailar, but two trainloads of Japanese troops were despatched to Hailar from here for the reinforcement of the Japanese army there. The general public is greatly excited at the moment as the situation involves the Japanese, the Russians, the Czechoslovaks and the Chinese. The Japanese are, of course, the masters of the situation."

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"Peking & Tientsin Times", (British), April 12th, 1920.

INDEPENDENCE AGITATION IN KOREA.

Japanese Allegation Against Chinese Authorities.

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"Harbin, April 14. - On account of the recent disturbances created by members ofthe Korean independence association in Korea, the Japanese consul-general at Kirinfu has sent a protest to military governor Pao Kuei-ch'ing, allegaing that certain leaders of the Korean independence association utilised Chientao and other frontier cities of Manchuria for the concentration of their followers and firearms against Japan. According to the Japanese consul, unless the Chinese authorities can suppress these illegal activities of the Korean independence association in Chinese territory for political disturbances in Korea against Japan in the future, the Japanese government shall be forced to adopt suitable measures for their suppression

with/

with or without the cooperation of the Chinese authorities. For the sake of the preservation of peace and order in Korea and Manchuria where Japan has predominating interests, the document adds that Japan is determined to suppress all political riots by adequate measures and that China shall be held accountable in case Korean bad-characters are permitted to pursue anti-Japanese movements in Chinese territory by the Chinese officials.

At the same time, the Japanese military commanders have sent a similar despatch to the Russian Soviets at Vladivostok alleging that it has been discovered by the Japanese government that members of the Korean independence association and other anti-Japan societies have been utilizing adjacent Russian territory for creating anti-Japanese political disturbances in Korea and that the firearms used by the Korean malcontents in the recent riots were rushed to Korea from adjacent Russian and Chinese territories."

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"Peking & Tientsin Times", (British). April 18th, 1920.

RUSSIAN SOCIALISTS AND KOREAN ASPIRATIONS.

Striking Demonstration of Sympathy.

Peking, April 10. - Russian papers published in Siberia show that the Siberian authorities have freely shown their sympathy with the Korean independence movement in a manner not calculated to improve their relations with Japan, while this phase of the situation has been intensified by the warlike activities of the Koreans on the Korean borders. Early in March the Japanese Legation drew the attention of the Chinese Government to the actions of Koreans in Chinese territory bordering on Korea, alleging that the Koreans there were securing arms and creating forces which marched into Korea and disturbed the peace.

The most striking demonstration of sympathy with the Koreans on the part of the Russians occurred on the anniversary of the proclamation of Korean independence, when a celebration of some magnitude occurred in Vladivostok. According to the DALNEVOSTOTCHNOE OBOZHENIE (The Russian Far Eatern Review) the Korean National Council gave a banquet on March 1 in the Zolotoi Rog restaurant in "celebration of the anniversary of the movement for the independence of the Korean people." The banquet was attended by members of the Korean National Council, members of the Korean Social-Democratic party, Korean journalists, representatives of Korean and Chinese civil organizations, a representative of the Russian Commandant of the provincial forces, Members of the Bolshevik and Menshevik parties, and Professor Schmidt, representative of the National Council of Latvia.

Mr. Lorents, a member of the Russian Social-Democratic party, referred to the community of interests and aims of Russian and Korean democracy.

On behalf of Russian Journalists Mr. Kosselapoff said: "It is, perhaps, no mere coincidence that we see assembled here to-day representatives of Russia, China and Korea, nations which were overlooked by the Versailles diplomats."

Mr. Utkin and Mrs. Vlasseva spoke on the name of Bolshevism. The Communist party, they said, has always greeted and supported nations striving for self-determination. In the struggle against Japanese Imperialistic plans with regard to Korea the Communists were prepared to assist the Korean proletariat both morally and actively.

The proceedingsx terminated with an address from an old Korean in national costume. This was Li Ban, father of the President of the "Korean Government" at Shanghai."

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1920 JUN 2
2129-18
WAR DEPARTMENT

F R O M : "NORTH CHINA STAR", Tientsin, China, April 15th, 1920.

The following is from the "North China Star" (American) of April 15th. The Students' strike began in Shanghai on Wednesday as per schedule but has not yet been reported as effective elsewhere. Twenty thousand students paraded the streets in the Chinese Settlement of Shanghai on the 15th.

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"STUDENT STRIKE THREATENED SHOULD PEKING CONTINUE SECRET PARLEY WITH JAPAN.

\- - -

No Direct Negotiation And Cancellation Of Secret Pacts Demanded - 14 Provinces Act - No Demonstration Here, Foreigners Are Told, In Plea For Sympathy.

"Unless the Peking Government ceases direct negotiations with Japan over the Shantung issue and abrogates all the secret treaties with Japan, three million students representing 14 provinces will go on strike at nine o'clock Wednesday morning for three weeks. The school authorities will be asked to keep their premises open while the students will conduct their propaganda on the premises.

There will be no demonstration in the Foreign Settlement of Shanghai. In a proclamation to the foreign residents here last night, the Union assured them that the students will take every precaution to prevent inconvenience to foreigners.

The provinces which called the strike are Kiangsu, Chihli, Anhuei, Honan, Hunan, Shansi, Shensi, Hupeh, Shantung, Kiangsi, Chekiang, Fukien, Kwangsi, and Szechuan. The Returned Students from Japan are also among the prime movers.

The circular issued by the National Students' Union yesterday calling the strike reads as follows:

"The China National Students' Union announces that unless a reply is received from Peking to the telegram sent on Friday giving the Government four days' notice to break off direct negotiations with Japan and to repudiate all secret agreements, a strike of students will be called throughout the country on Wednesday morning, April 14, 1920, at 9 a.m.

To Protect Property of Friendly Nationals.

"The China National Students' Union feels that owing to the telegraphic difficulties some of the cities may not go on strike on Wednesday, but it is believed that before the week is over the strike will become general throughout the country. It is hoped that merchants and laborers will join with the students in this movement. Every effort will be made by the students Unions throughout the country to protect the property of friendly foreigners, and to avoid inconveniences which were suffered during the strike last year. There will be no demonstrations in the International Settlement and no efforts will be made to interfere with the peace of foreign community.

Look for Sympathy of Western Nations.

"The National Students' Union feels that this is strictly a Chinese matter, with which friendly foreigners are not concerned, except, in-so-far as the students of the country are waging a war for the establishment of good Government in China and for the maintenance of the integrity of China, which ultimately cannot but serve the interest of friendly foreigners in maintaining the commercial and economic relations with the people of China.

"Japan has during the past years seriously endangered the peace of the Pacific by her unscrupulous conduct in China. Unless Japanese militaristic activities are forever stopped on the Asiatic mainland the greatest war in the history of the world will have to be fought sooner or later on Chinese soil, between Japan and the nations of the West. The students feel that they are now fighting the opening battle of this war and that they are sacrificing themselves now in a conflict which, if won by them, will make unnecessary subsequent sacrifices by the young man and women of the West. They therefore, look forward to sympathy from the residents in China of Western nations.

Wire to Peking.

The telegram sent to the Peking Government by the National Students' Union, read:

"Diplomatic failures have stimulated the people. Your treacherous actions have caused the people to gnash their teeth. That the people are against direct negotiation with Japan with regard to the Shantung question, that China cannot give in on the Foochow incident and that the Military Pact must be repudiated have been sufficiently expressed.

"Since the fourth year of the Republic of China, harmful treaties have been made secretly between Japan and China, such as the twenty-one demands, the exchange of notes respecting the Kiaochow - Tsinan Railway, the Agreements of the Tsinan, Kaohsu, Manchuria and Mongolia lines and other contracts arising out of loans which impairs China's sovereignity, military and police functions, finance and communications. But you have undoubtedly heard more than once the repeated declarations of the people that they can in no wise recognize the treaties as valid."

"Our Last Warning"

"Since May 4, 1919, we have forsaken our sacred studies and exhausted ourselves in the service of the nation. In other words, we are doing out bit for the safety of our motherland and eventually for self-protection. China is now facing great dangers. The present is the critical time for our unfortunate nation. Our conscience does not allow us to be silent any longer. Let this be our last warning to you. In order that the sovereignity and territory of China may be maintaind, you are required, within a period of four days, to rebut, whole and entire, Japan's notification and then announce the abolition of the Military Pact.

"To dwaddle means that you are willing to be traitors. We, the students, cannot bear to see our glorious Chinese Republic demolished through your hands. Though wanting strength, neverthless, we are able to meet you empty-handed. Do not think that foreign help and arbitrary rule are dependable. Do not think that the people and the students can be deceived The classics say, "Oh Sun, when wilt thou expire? We will die together with thee," We hope you will take this diiemma into careful consideration."

Below is the statement issued to the foreign community of Shanghai:

Anti-Japan Grievances Cited in Announcement.

"On Wednesday morning the students of this city will join with their brothers and sisters throughout China in a general strike against the Peking Government. Roughly speaking, this is not a strike against individuals of the Peking Government, for we have no quarrel with individuals. We are leaving our studies in a protest against Japanese activities in China, and elsewhere on the Asiatic mainland, which give every indication that Japan proposes to Koreanise our motherland.

"You will all remember the Twenty-one Demands. You will remember how Japan took advantage of the fact that your

countries/

countries are engaged in war or were not free to give careful attention to Far Eastern questions; how at that time Japan made a major effort to destroy the integrity of China. You all know how since then Japan has been keeping North and South divided has fomented and subsidised strife within the land, has debauched our officialdom, has impeded our commercial development, has mortgaged our land with morphia and opium and has used every dishonorable means to weaken our young republic and to stultify its growth. Those acts culminated in two facts: In the Sino-Military Pact of 1918, and in the Shantung Decision at the Peace Conference.

The Shantung Crisis.

"The provisions of the Sino-Military Pact are unknown to us. We only know that it is one of a long seris of secret agreements and treaties which have been made between the officials in Peking and the Government of Japan. We only know that through those treaties China has lost her sovereign rights over her army and navy, her arsenals and naval bases, her police and her means of communication. In return for sacrificing its basic lights of sovereignty to Japan these officials have reiceved Japanese money.

"But, we, the growing generation of China, we shall have the burden of winning back those rights for China throughout our lives. When we strike today it is the beginning of our effort to win back in fair fight what the treacherous of our land have sold for a mess of potage.

"With regard to Shantung you are as well aware of the fate of our sacrificed province at the Peace Conference as we are. But perhaps Shantung does not mean to you what it does to us. Perhaps you do not feel that one province can be a loss to a weak nation. But, we Chinese feel that a dagger has been thrust into the heart of the country and that unless the dagger is torn out and the wound healed the country must die. We are now taking whatever means we can to tear this dagger out and we call upon you as liberty loving human beings to help us.

Concerns China Only.

"The Strike wich we call on Wednesday morning concerns only China. It is our effort to initiate a nation-wide demand for good government and for patriotism. We know that you fear our strike, for you have been told that we are dangerous, young, inexperienced boys and girls who are only disturbing you in your efforts to trade, to teach, and to heal in our country. We know that last year when we successfully prevented the Peking Government from signing the Peace Treaty by our strike, you suffered inconveniences and that your settlement was disturbed and that you were forced to call out your volunteers to maintain peace."

"There is no need for us to say that perhaps you were in error last year. That matter is settled this year we have more experience and we realize that if we are to succeed in our struggle with the Peking officials, our battle must be with and among the people of China and not among foreigners. We therefore from the outset give you every assurance that the students will take every precaution to prevent disturbances in the International Settlement in Shanghai and to prevent inconveniences to foreigners. There will be no demonstrations in the International Settlement. There will be no parading in the International Settlement There will be no students marching with banners and signs in the International Settlement. We hope that the merchants, shopkeepers, laborers will join us in our movement. And we ask your indulgence of whatever slight annoyance this may cause you. But we shall brand as disloyal any Chinese who uses this occasion to interfere with the food supply, with the water supply and with the light of the foreign inhabitants. We crave your

sympathy/

sympathy not your antagonism. And we are creating an agency which will with the greatest attention watch any manifestations in our movement which might bring offense to the foreigners friendly to China. And we shall stamp out any effort that our opponents may make to discredit our movement by annoying you.

As Allies' Sympathy.

"Friends of Great Britian, America, and France! You who have your Magna Charta, your Declaration of Independence, your French Revolution, you who have fought and bled for liberty, you who have just sacrificed your sons in the cause of democracy, can you see China bleed and not wish to heal the wounds? Can you see our nation destroyed by autocracy, by corruption, by debauchery and not wish to help us. We ask your sympathy. We ask you not to prejudge us. We are fighting your battle as much as our own, for what you have done on the Atlantic we must do on the Pacific and our strength is not a match with the strength that you brought against antocracy and corruption."

- - - - - - THE END - - - - - -

CKpies Furnished
3 - M.I.D., Washington
1 - M.I.D., Manila.
1 - Tientsin.

2-2

OFFICE CHIEF OF STAFF
RECEIVED
1920 2129-21 NOV 15
WAR DEPARTMENT

FROM: "PEKING & TIENTSIN TIMES", Tientsin, China, March 13th, 1920.

The following article is from the "Peking and Tientsin Times (English) of March 13th, and is believed to be accurate. Forwarded for the information of the Military Intelligence Division.

THE SINO-JAPANESE MILITARY PACT.

General Mara's Significant Mission. - - - -

Lt.-General Mara of the Imperial Japanese Army is expected here shortly from Japan en route for Peking in connection with the revision or enforcement of the Sino-Japanese military agreement signed in 1918. In view of the persistent demand of the South-west for the abrogation of this agreement as the most important condition for the resumption of the Chinese Domestic Peace conference at Shanghai, the visit of General Nara bears great significance at the present moment. According to Japanese reports, the mission of General Nara to Peking, is to discuss matters in connection with the joint defence of China and Japan against the Russian Bolshevists and not for the revision of the said agreement just because no revision is necessary at the moment. The Bolshevik danger concerns both China and Japan so that the two countries must co-operate together for the protection of their mutual national interests by all means.

- - - - - - - - - - -

F R O M : "PEKING & TIENTSIN TIMES", Tientsin, China, March 12, 1920.

The following article is from the "Peking-Tientsin Times, an English paper, of March,12, 1920 and is believed to be accurate in substance. Forwarded for the information of the Military Intelligence Divisionm.

PEKING SERVICE.

Would Break Back Of Anfu Club.

"The Anfu Party having failed so far to bring about the downfall of the Premier are contemplating the measurem of having their members in the Cabinet resign, knowing that with their preponderating vote in both Houses of Parliament they can prevent the election of a new Cabinet, unless it is composed of men of their choice. As matters stand now the President and Premier are nothing but mere figureheads, with no power to control the finances of the country or to carry out any definite foreign or internal policy. It is now time for them to take some definite action; already they can rely on a certain amount of military support, sufficient to make the Northern Militarists pause and consider before they come into direct conflict with it. It must be plain to the President and the Premier that as long as the present Parliament is sitting and the Anfuites are allowed to control the Cabinet there is not the slightest hope of anything of a constructive nature being carried out. If the President and the Premier were men of strong character they would have realized long ere this that for the good of the country the present Parliament should be dissolved and the memebres of the Anfu Club driven from office. The only thing that is giving the latter the power they are at present they are securing from the gang of Parliamentarians who are willing to sacrifice the best interests of the country so as to keep their "rice bowls" filled. They have no desire or intention of carrying out their duty as legistators and are nothing more nor less than servants of their Military employers. It is impossible to understand what legal right they have to remain in session. The Presidnet and the Premier should take advantage of this, dissolve Parliament, dismiss the Anfu members of the Cabinet and go to the country. By doing this they would break the back of the Anfu faction which have all along been the main obstacle to a peaceful settlement between the North and the South; are responsible for the huge military expenses, and for the number of unnecessary loans that have recently been contracted. While this may be considered a very drastic solution of the problem which is now facing the country, it seems the only one by which the President and the Premier can assert themselves and carry out the duties of the positions they are now holding. It is time that they threw off the bonds that are encircling them. Weakness has characterised the policy of the President and the Premier since they have been in office and this weakness has been taken advantage of by their political rivals. By acknowledging the power and influence which the Anfu organization are wielding over them at the present moment they are making themselves look

ridiculous/

ridiculous and daily making it more plain what puppets they are and what little courage and force of character they possess. That their position is a very difficult one everyone will admit, but it will never be improved as long as they are content to sit down with folded arms and submit to every indignity that is thrust upon them. The arrogance and domineering attitude of the Anfu-Militarits has now reached such a stage that they have either to be overthrown, or the President and the Premier will have to go. It is impossible for them to pursue then spineless policy much longer, and it is now time that they took action. Half measures will avail them nothing, boldness is the only thing that will count. The President has it in his power to dissolve Parliament, and this power he should use to break the bake of an organization which is placing national interests into the background and confining its activities to furthering its own party and individual ambitions.

T H E * E N D .

F R O M : "NORTH CHINA DAILY NEWS", Shanghai, China, March 17th, 1920.

The following article is from the "north China Daily News" (British) of March 15th, 1920, It is by a man who has been for a long time a close student of Chinese affairs and it is believed that the following is an accurate estimate of the political situation at the moment in Peking.

- - - - -

THE WEAKNESS OF CHINA'S PREMIER.

ANFU DICTATION

The Recent Crisis And a Puppet Chief.

- - - - - - - - -

By Rodney Gilbert

Premier Chin Yun-peng now occupies the unenviable position of being his own sole supporter in "his" Cabinet. In the Legations and among the foreign correspondents in Peking there is much talk of supporting what is called for some reason the "Chin Government" on the plea that Chin has the support of the liberal Tuchuns and that if he goes out of office someone with positive faults and fewer negative virtues might step in. The Premier's supporters are deliberately blind to the fact that his Cabinet is a solid organization of his enemies, or of men who are too weak to be his friends, and that in no single instance has he had the temerity to impose his will upon this organization or to oppose measures pleasing to his enemies and displeasing to the so-called liberal Tuchuns who are nominally his political allies. By giving their moral support to a man in such an absurd position the Legations and the Premier's other foreign friends put themselves in a position equally absurd. Mr. David Fraser told the writer that the only apology which the interested Legations had to make for the loan was that it might serve to keep Chin in his office and that this was desirable because someone worse than Chin might succeed him if he were forced out.

This is simply political pottering and is recognized as such by the Anfu champions; and just such pottering as this is doing inestimable damage to the prestige of Great Britian, America and France in corrupt official circles, which ought to tremble before the mandated of these Legations.

AN UNDIGNIFIED RETURN.

The Premier's resignation was recently refused. Tuan Chi0jui told the head of the Government in an interview that he did not care whether he stayed or went. This was good enough news for Chin; the champion of anti-Anfu interests stayed. The way in which he was received when he returned to the Cabinet was not designed to enhance his self-esteem, however, and it throws some light on the status and possible usefulness of the man whom the Legations choose to regard as

their/

champion.

their champion.

The day that Premier Chin came to the Cabinet office the four active Anfu members deliberately absented themselves. Li Shih-hao, Tseng Yun-pei, Chu Shen and Chen Lu refused to respond to the various summons to attend. It is the custom after each meeting to send a Cabint officer to the President's office to make an official report and to send another to Marshal Tuan's house to make an unofficial report. The latter mission usually devolves upon Vice-Minister of War Chang Chi-tan. On this occasion the messenger to Tuan Chi-jui's house complained bitterly on the Premier's behalf that the four Anfuites had not appeared and had then refused to come. The Marshal was moved by this squabble among his children and contrived to get in touch with Chu Shen and Tseng Yun-pei at once. The former responded to the call but the latter refused to appear before the high dictator. When Chu Shen arrived Marshal Tuan upbraided him for what he described as childish conduct. He did not take it gracefully, however, and when Marshal Tuan asked him to tell Tseng Yun-pei what he(Tuan) thought of him, Chu Shen said he would act as no one's messenger and departed.

A HOPELESS POSITION

It is also related that Mr. Chen Lu was in the President's palace when the Cabinet meeting commenced. The President, it is said, insisted that he attend it and after some debate he went to the Cabinet offices, arriving very late. He announced to his colleagues over the telephone that he was there, but added, for the benefit of those present, that he should not have appeared had not the President in-sisted upon it.

The Premier's position is hopeless. He is tolerated because he is harmless and because the Tuchun cambine with which he is allied is known to be a federation of bloodless old gossips who will never combine to do more than air their opinions in telegrams to one another. Such is the status of the champion whom Occidental diplomacy supports.

THE END

F R O M : "PEKING AND TIENTSIN TIMES", Tientsin, China, March 9th, 1920.

STUDENTS PREPARED TO FACE TROUBLE.

Propaganda Among Troops.

The following article is from the "Peking & Tientsin Times of March, 9, 1920. In substance it is believed to be accurate and it indicates what may be expected of the student movement in the near future, and directly conflicts with the rumors that the student had been suppressed for good and all.

"There is every indication that the students intend carrying out a nation-wide movement as a protest against direct negotiations with Japan. They have succeeded in getting in close touch with the student organizations in other parts of the country. The national strike which it is intended to carry out will be done in the face of the opposition of the Military Party. The students expect to undergo considerable hardships and perhaps worse. They have been carrying on a strong propaganda, particularly among the troops and in certain instances it will not be surprising if the troops instead of opposing them will join with them. The fact that the whole of the students's organizations throughout the country stopped their activities at a given moment and took no untoward action regarding the suppressive actions taken against them show that they have a sound organization and one that can be controlled at a moment's notice. Their very silence should be a warning to the authorities that something of a more far reaching nature is being planned. It is, as far as I can gather, the calm before the storm. The students have no intention to remain quiet and suffer the restrictions which the government is imposing upon them. They are simply biding their time, and when that time arrives it can be expected that demonstrations will break out all over the country on a scale that will put all past efforts into the shade."

THE END

F R O M : "PEKING & TIENTSIN TIMES", Tientsin,
China, March 12th, 1920.

The following article is from the "Peking-Tientsin Times", an English paper, of March 12, 1920 and is believed to be accurate. Forwarded for the information of the Military Intelligence Divisions.

"It is reported that Captain R. D. Bennett, Military Attache to the British Embassy in Tokio, will join the Military Headquarters of the Army in Chosen, in order to study military affairs. He will arrive in Chosen on 1st April next and remain with the army for six months. Captain Bennett is the first officer to be attached to the Army in Chosen".

- - - - T H E * E N D - - - - - -

F R O M : "PEKING & TIENTSIN TIMES", Tientsin,
China, March 17, 1920.

The following article is from the "Peking and Tientsin Times" (British) of March 17, 1920 and is believed to be accurate in substance. Forwarded for the information of the Military Intelligence Division.

A CHINESE WIRELESS ENTERPRISE.

The Government is in receipt of a request by a number of Shanghai business men requesting permission to register a commercial wireless service with stations at Shanghai, Tientsin, Hankow and Tsinan, so as to facilitate commercial communications and to undertake, in the event of war, to make over the stations to the Government. The Government so far has made no reply to this respect.

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3-1

OFFICE CHIEF OF STAFF
MIL. INTELLIGENCE
EXECUTIVE DIVISION
SEP 19 1918
9944-I-5
WAR DEPARTMENT

REC'D, M. I. B., O. C. S. SEP 18 1918

SUBJECT. . . PASSPORT CONTROL. . . . . .

. . . . . .

FROM. . . U. A. . . . . .

No. . . 1578. . . . . Date. . . August 2nd, 1918. . . .

Replying To No. . . . . Date . . . . . .

The Chinese Government through its Customs Department is now exercising passport control in Harbin, Pogrichnaia, Aigun and Manchuria stations, and will probably extend their operation to other localities in China. The Head of the Chinese Maritime Customs, Sir Francs Anglen, has taken the stand that the control of passports in China is a matter involving the sovereignty of China and that even in Manchuria the Chinese should have entire jurisdiction of passport control work. This attitude was taken when an attempt was made by the Russian authorities under General Horvat to again resume the work of passport control. After the disturbances in Manchuria last December and January, when Russian troops were removed from Manchuria because they were Bolsheviks, the Chinese assumed the duties of passport control in Manchuria.

The Russian demoralization and loss of control made it possible for the Chinese to again take over active governmental control (exclusive of Railway Control) in Manchuria even in the zone of Chinese Eastern Railway, and once having resumed that control the Chinese are extremely jealous lest the Russians again re-gain the power they lost. Consequently, the request of General Horvat to permit the Russians to resume passport control work at Harbin (which control never had been effective under the Russians) the Chinese refused , whereupon General Horvat requested a joint Russian-Chinese control. This request was also refused on the grounds that the duties of passport control is one of the sovereign duties of the Chinese Government and it was unwilling to share those duties with any other power.

As the Chinese have taken that stand with the Russians in Manchuria, it may be difficult to place American officials there, officially to assist and advise the Chinese regarding American passports.

Sir Francs Anglen stated to me that whatever officials were to do duty as passport control officers must necessarily be in the pay and under the complete control of the Chinese Customs. He informed, however, that in case we considered it advisable to place an agent at Harbin, he advised that any one we wished to send could be there unofficially and our men could be present and inform and advise his own agents when whenever necessary.

I request authority to place an agent unofficially at Harbin, who can work through the American Consulate there and advise the Chinese Customs regarding American passports and any suspects that we may be able to report to him.

Likewise I request authorities to place agents at Shanghai and Mukden and also authority to employ two other agents here forwork any where in China.

Additional funds are needed immediately if we are carry on this work, and I suggest $25,000,000 immediately in order to secure the services of the necessary agents to start operating. Reply by cable is requested as it is probable that in view of the contemplated troops' movement in Siberia, the activities of enemy agents may increase and we should be prepared to combat any effort they may make. Request by cable was made this date.

I request, that in case American troops are to be sent into Siberia, with a view of opposing German and Austrian power that I be detailed for duty with those troops.

In the meantime I request telegraphic authority to place agentsat Shanghai, Mukden, Harbin and Urga and the employment here of two secret agents.

Number of Copies..... 3

Copy No..... 9

OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch.

9944-I-6

SEP 18 1918

NOTED: M. I. B.

WAR DEPARTMENT

SUBJECT... REPORT ON CONDITIONS AT SHANGHAI.....

.....Memorandum submitted to M.A.....

FROM....M. A. (Assistant).....

NO.....1579.....DATE.....August 12th, 1918.

REPLYING TO NO.....Date.....

PASSPORT CONTROL: There is no such thing as an effective passport control, such as exists in other countries, exercised at this port, for the reason that each of the several foreign powers exercises its own control over its nationals. The Chinese authorities are thus hampered and they apparently take but slight interest in the subject.

Each of the Allied powers maintains effective supervision over its own nationals and has reduced the chances of abuses of the passports of those countries to almost nothing. The British method appears to be the most effective, viz; British subjects arriving in the port are required to deposit their passports and receive for them merely a statement sufficient to indentify the depositor. This system is applied to nationals regardless of their stay. This is done to prevent the loss of passports in Shanghai. There are many Chinese and others in Shanghai whose chief business appears to be to steal and forge passports. Passports that are carelessly left around in hotel rooms, railway compartments, steamship cabins etc. are stolen and where the thief does not actually keep the stolen passports it is kept away from its owner a sufficient length of time to enable a clever forger to copy it. In forging the Chinese are very clever. The British Consul stated that they knew that such things were going on by the Chinese, but that it was very difficult to get the Chinese authorities outside the foreign settlements to take effective measures against the wrong doers.

Up until recently persons leaving Shanghai for Vladivostock by the ships of the Russian volunteer fleet were at liberty to go without passport, but recently the Russian Consul in Shanghai has taken steps to reduce abuses of Russian passports.

Passports issued by the Dutch were until very recently obsolete in form and easily fabricated but at present a safer form is being used.

The Norwegian passports were formerly the most obsolete but that form is now up to date. All Allied shipping interests entering Shanghai demand that a properly visaed passport be produced before tickets will issue. The British send a representative from the Consulate to all of their incoming steamers to collect the passports. Persons boarding neutral ships are restricted, in so far as could be ascertained, simply by the requirements they would encounter at ports of call or destination.

The situation is being as well handled by the Allies as present conditions will permit of, and I believe it will continue to improve with Allied cooperation. I asked a good many persons in authority what they thought of placing the whole passport control in the hands of the Maritime Customs or some such Bureau controlled by foreigners.

Without exception, I believe, all agree that the Maritime Customs could handle the situation effectively.

ENEMY PROPAGANDA: Germany succeeds in getting propaganda to this and other countries in the form of pamphlets. These are very cleverly written. These articles come out through Switzerland and other neutral countries. The mail censor ship exercised by the British in Shanghai has resulted in stopping a considerable amount of this circulation in China. This has increased the amount of oral propaganda, and it has been observed that whenever any thing favorable to the enemy is telegraphed or received here, enemy agents at once begin to explain it to any gathering of Chinese which will listen. German missions here are unquestionably engaged in propaganda, and the belief was expressed by many Allied officials that at least fifty per cent of the Chinese are pro-German, but all agreed that with a little work on our part and with good news from the battle front, we could soon wipe out the insidious German influence.

The British have a commission in Shanghai composed of some business men, and a few high police officials, which is charged with the duty of watching and combatting enemy propaganda. This committee meets secretly once a week (oftner if necessary) to report and discuss their work. It is presided over by a member of the Consulate who expressed great satisfaction in learning that we contemplate work of a similiar nature. As a means of combatting enemy propaganda, the British are now publishing a Chinese edition of the illustrated section of a London paper. Other forms of propaganda are being used chiefly in the form of sending out news favourable to the Allies. The British Intelligence Service in Shanghai is well organized and I found all of the British officials very ready to give me information, and hopeful of cooperation with us.

ENEMY AGENTS: Shanghai contains quite a number of persons enemy and neutral who are believed to be working in the interest of the central powers, but just what those agents and others are accomplishing it was difficult to ascertain, of course, it is well known that many are engaged in propaganda, - some doing all they can to keep up trouble between the factions in China with a view to preventing China from putting her vast resources at the disposal of the Allies.

All enemy aliens in Shanghai are required to register at police stations twice each week, and when one fails to register he is brought before the Mixed Court and fined; if the police do not locate an absentee at once a search is instituted and the absentee is traced. This is effective in so far as it goes but there is nothing to prevent enemy aliens leaving for new localities or to prevent their carrying on any work in behalf of the enemy in Shanghai and vicinity.

SCHEME FOR WATCHING ENEMY AGENTS AND THEIR ACTIVITIES, AND OF SECURING INFORMATION FROM VARIOUS POINTS IN CHINA:

The scope of the proposed scheme of having a central intelligence buresu or "Clearing House" in Peking for all intelligence gathered by the military, naval and consular services in China, was explained to Captain W. J. Eisler, Superintendent of Marine Transportation for the Standard Oil Company with Headquarters at Shanghai. Captain W. J. Eisler served in the U. S. Navy as an officer before he entered the service of the Standard Oil Company. He has just now been commissioned a Lieutenant in the Naval Reserve. He is in a splendid position to act as Intelligence officer at Shanghai due to his knowledge of and

close/

close association with the shipping in and around Shanghai. He knows many people, is popular with all classes and is very desirous of rendering service. He can retain his present position with the Standard Oil Company and render us a limited amount of service or we can secure his entire time and the Standard Oil Company will keep his position open to him until the war is over. Feeling the absolute necessity of retaining some such person as Captain Eisler in Shanghai to keep us informed, I took him to the British and American Consulates with me, also to meet several British Intelligence and Police officials. Further, I called on Mr. W. C. Sprague the General Manager of the Standard Oil Company in China and discussed with him the possibility of getting the assistance of some of the many bright American agents which he has stationed throughout China. Mr. Sprague assured me that he would be delighted to instruct a selected number to cooperate with us in any way we should see fit. I gave him a general outline of what we wanted and asked him to instruct his agents to notify us direct in urgent cases otherwise I hoped that Captain Eisler would be able, being in the same building, to extract matters of special interest. I called on the U. S. Commissioner and District Attorney, Mr. E.B. Rose now in charge, he went with me to call on Mr. Sprague. Mr. Rose will do what he can to assist and will prosecute or detain where ever he can get sufficient information.

I also called on Mr. T. F. Cobbs General Manager of the British American Tobacco Company. He is an American citizen and is willing to assist in such way as we suggest. His agents scattered all over China and are unusually well posted.

I believe that by using these two great organizations in an intelligent way that we can secure reports from all over China at practically no expense to the Government. I believe that not only the doings of enemy agents can be closely followed in that way, but that also matters of considerable importance pertaining to the Chinese themselves will be brought to our attention.

FUNDS: The above tentative plan was outlined with the gentlemen above mentioned with the understanding that this office had no funds at the present time. Both Mr. Cobbs and Mr. Sprague declared that that point need not be considered as they were glad to undertake the cooperation from purely patriotic motives, but each agreed that should special circumstances arise where it was necessary to hire outside agents that the Government might pay for the service. I suggested that possibly we could secure a contingent fund and place it in Captain Eisler's hands to cover such cases.

As for Captain Eisler himself in case we demand his entire time, I suggest that we should make good the difference between what he may get from the Navy Department and that which he is now paid by the Standard Oil Company.

CONCLUSION: I believe that we should set in motion at once the machinery as above outlined. That our instructions should go direct to Captain Eisler and that he should carry on the work with the two organizations mentioned. A code of some kind should be placed in Captain Eisler's hands.

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OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch.
NOV 9944-I-14
1918

PHOTOGRAPHS OF APPLICANTS FOR VISA

RECEIVED
Office Military Attaché
Oct. 18
American Legation
PEKING (China)

LEGATION OF THE
UNITED STATES OF AMERICA

Peking,

No. 356.

September 23, 1918.

C I R C U L A R.

CONFIDENTIAL

811.1

To the

American Consular Officers in China.

Gentlemen:

The Legation has received a request from the Naval Attaché at Peking that photographs be obtained for the use of the Office of Naval Intelligence at Washington of all persons to whom passport visa is refused and of all members of crews who are removed from vessels departing for the United States.

You are therefore instructed to require of each applicant for visa one extra copy of the photographs submitted by each applicant, and to forward the same to the Legation in Peking with the report of the refusal to visa. In regard to the members of crews removed from vessels departing for the United States, you are instructed to use all possible means to obtain photographs for the use of the Office of Naval Intelligence.

I am, Gentlemen,

Your obedient servant,

J. V. A. MacMurray

Chargé d'Affaires ad interim.

Enc 2

OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch.
NOV 30 1918

RECEIVED
...te Military Attache
...ct. 18
American Legation
PEKING (China)

Number of Copies 3
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NEWSPAPERS

9944-I-14

WAR DEPARTMENT

LEGATION OF THE
UNITED STATES OF AMERICA
Peking,

No. 357. September 23, 1918.

C I R C U L A R.

CONFIDENTIAL 891

To the

American Consular Officers in China.

Gentlemen:

To the end that the Legation may have available for its use reliable information as to the ownership and connections, language, policy and circulation of newspapers published in China, it is desired that you should submit a report in quadruplicate giving all pertinent information obtainable regarding newspapers published in your district. It is particularly desired that the actual controlling interest in such papers, as distinct from the nominal ownership, be ascertained, especially when there is reason to believe that any paper is under the partial or entire control of some Government or Government organization. The receipt of subsidies, either in cash or subscriptions, will suggest itself as an obvious means by which such control may be exercised.

I am, Gentlemen,

Your obedient servant,

J. V. A. MacMurray

Chargé d'Affaires ad interim.

Number of Copies 3
Copy No. 1

Encl 3

OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch.

NOV 30 1918

PASSPORTS ISSUED BY POLISH SOCIETIES

9944-I-14

...y Attaché
...GL. 18
American Legation
PEKING (China)

LEGATION OF THE
WAR DEPARTMENT
UNITED STATES OF AMERICA

Peking,

No. 358. September 23, 1918.

C I R C U L A R.

811.1

To the

American Consular Officers in China.

Gentlemen:

It has been brought to the attention of the Legation that various so-called "National Societies" of Poles, Georgians, Czechs, etc., in a number of places in China and in Siberia, have undertaken to issue to their members "certificates of nationality" in lieu of passports or other regularly issued documents.

Without implying any reflection upon the good faith of such societies, it is obvious that documents so issued by private and unofficial organizations - even of nationalities which have been recognized by our own and other Allied Governments - can not be considered as satisfactory for official purposes: and there are cases definitely established in which such documents have actually come into the hands of enemy agents.

While it is assumed that such documents would not receive visa or other official authentication from American consular officers, it has seemed advisable to the Allied Representatives, if only out of abundance of caution, to agree to put their several consular officers upon notice against according any official recognition to certificates of the character indicated.

I am, Gentlemen,

Your obedient servant,

Chargé d'Affaires ad interim.

Enc 4

Number of Copies 3
Copy No. 1

OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch.

RECEIVED
Office Military Attache
NOV 30 1918
American Legation
PEKING (China)

OBSERVANCE OF ESPIONAGE ACT BY MISSIONARIES.

9944-I-14

WAR DEPARTMENT

LEGATION OF THE
UNITED STATES OF AMERICA
Peking,
October 3, 1918.

STRICTLY CONFIDENTIAL.

No. 375.

C I R C U L A R.

711.5

To the

American Consular Officers in China.

Gentlemen:

It is with regret that the Legation feels impelled to direct your attention to the fact that information from a number of sources attributes to certain American missionaries in China disloyal sentiments. In some cases this imputed disloyalty is alleged to take the form of teaching and advocating the doctrine of non-resistance and the wickedness of military service; in other cases it is the policy and conduct in the prosecution of the war of the allies of the United States which are made the subject of unbridled criticism. In some cases, fortunately very few, actual pro-German activities are alleged.

In this connection your attention is invited to Section III Title I of the Espionage Act of May 16th, 1918, which provides (in part) that "whoever ... shall wilfully obstruct or attempt to obstruct the recruiting or enlistment service of the United States ... and whoever shall wilfully advocate, teach, defend or suggest the doing of any of the acts or things in this section enumerated and whoever shall by word or act support or favor the cause of any country with which the United States is at war or by word or act oppose the cause of the United States therein shall be punished by a fine of not more than ten thousand dollars or imprisonment for not more than twenty years, or both."

You are instructed to bring the subject matter of this circular informally and discreetly to the attention of the senior members of the several missions working in your respective districts. In doing so it is suggested that in addition to pointing out that advocating the doctrine of non-resistance is specifically prohibited, you explain that the unrestrained and ill-judged criticism of the war aims and policies of the allies of the United States is equally prohibited, inasmuch as such criticism amounts to "opposing the cause of the United States therein". It is thought that by a tactful presentation of this matter you may be able to do much to remedy the conditions of which complaint is made.

I may add that whenever specific cases of disloyal utterances can be established, the facts should be promptly reported to the Legation to the end that appropriate action may be taken.

I am, Gentlemen,

Your obedient servant,

J. V. A. MacMurray

Chargé d'Affaires ad interim.

Number of Copies. 1
Copy No. 1

Enc 5

OFFICE CHIEF OF STAFF
Executive Division
Mil. Int. Branch.

NOV 9944-I-14 1918

SUMMARY OF EVENTS IN VARIOUS CONSULAR DISTRICTS.

RECEIVED
Office Military Attache
OCT. 1918
American Legation
PEKING (China)

LEGATION OF THE
UNITED STATES OF AMERICA
Peking,
September 28, 1918.

WAR DEPARTMENT

SHANTUNG:

Mr. Peck, American Consul at Tsingtau, has submitted to the Department of State a report on the development by the Japanese of the port of Tsingtau. From this reports it appears that the Japanese Government has spent for the purchase of real property about Mexican $730,000, while Japanese private individuals have purchased property to the value of roughly Mexican $160,000. These figures do not include German Government property either held by the authorities or leased to private firms and individuals.

The area which is being developed, presumably as a future Japanese Concession, begins at the Small Harbor and follows the line of the Bay to some distance beyond the Great Harbor. This section embraces all the valuable business portion to Tsingtau, the harbor and the railway.

A primary school with accommodation for over one thousand pupils has been erected at the cost of eighty thousand dollars and a girls' school, about half as large, is now nearing completion. A handsome Shinto shrine is being built near by. In the same general district twenty five Government residences have been erected at a cost of fifty thousand dollars.

Mr. Peck find that the question as to whence come to the funds for these public works a difficult one to answer. The known sources of revenue are: (1) twenty per cent of the import duty collected at Tsingtau; (2) land taxes; (3) licenses; (4) income from public utilities. A conjectural

source of income is the importation under Government licenses of opium.

Mr. Peck, in summing up, points out that the aim of the Military Government appears to be identical with that of the German Government, namely to create "a little Fatherland beyond the seas".

The Peking & Tientsin Times under date of September 23rd publishes the following account of the trouble on the Tientsin Pukow line at Yencheng. On September 19th some fifteen hundred of Lung Chi Kwang's recruits, who had been giving trouble at Tongku, were despatched in two trains for the south by the Tsing-Pu railway. On arrival at Yencheng a telegram was received from General Li Shun, Military Governor of Kiangsu, forbidding these troops to enter his province. It was proposed therefore that Lung Chi Kwang's troops should remain at Yencheng to which, however, the Military Governor of Shantung objected and directed that these men should be sent back to Tongku. Hearing of this the Governor of Chihli announced that the return of these undersirables would be stopped by his forces. When these facts became know General Lung's men mutinied and, as many of them were exbandits from the Tsang Chow district they made common cause with the bandits operating in the neighborhood.

On learning of the mutiny the Shantung Governor sent a force to suppress it, and as a result of a fight which took place on the night of the 19th and morning of the 20th, the mutineers were dispersed and scattered among the surrounding villages.

It appears that the cutting of the railway was done by the orders of the Governor of Shantung to prevent the mutineers coming south by train to Tsinan.

Traffic was rēsumed on the 23rd.

From private information received from Tsiaanfu it appears that Lung Chi Kwang recruited the bandits who caused this trouble by an arrangement with their leader Kuo Te Ling. Kuo was persuaded to bring his followers to Yencheng where they remained about a month and gave but little trouble. Finally fifteen hundred of them were despatched to Tongku to embark for the south, but on arrival at Tongku they refused to move further without their leader. Kuo, who had in the meantime recruited isx hundred more brigands at Yencheng refused to leave the latter place as he claimed to be in active negotiation with a number of leaders of small bands of brigands with a view to their enlistment in the army. Exactly what happed at this juncture is not clear but it appears that the Shantung officials were determined to take action to punish what they considered insubordination on Kuo's part and accordingly three thousand five hundred troops were despatched to Yencheng to see that the Government's orders were carried out: of these, five hundred deserted as soon as they reached Yencheng. It is said that on arrival at Yencheng the Tsinanfu troops massacred between two and three hundred persons, some of whom were exbandit recruits. Meanwhile it was decided to despatch the Tongku contingent via the Tientsin Pukow railway to Pukow. On arriving at Yencheng and learning of the massacre these troops deserted in a body to join their former leader. It is reported that five hundred of them were disarmed by the Government troops at Yencheng. The Government troops then appear to have withdrawn to Tsinanfu after having torn up the rails south of Yencheng to prevent any movement in the direction of Tsinan by the brigands

who had control of the railway rolling stock. A force of about one thousand men were left at Lao Kow to guard the Yellow River bridge. After some days delay additional troops were despatched to Yencheng who, upon arrival dispersed what remained of the brigands. Desultory fighting was reported in the district north west of Yencheng up till September 23rd. While conditions in the surrounding country are officially reported peaceful, the general impression among the local inhabitants is that this affair is by no means ended. They insist that Kuo is the nominal and actual head of the Shantung brigands, that his followers are well organized and equipped, and that it is only a question of time until some serious outrage will be perpetrated. That this is a possibility is obvious when it is remembered that arms are easily procurable in Tsinanfu and that ammunition is constantly purchased from Government troops.

In regard to the looting at Yencheng, the local shopkeepers state that practically none was done by the brigands before their departure. Most of the inhabitants fled before the arrival of the Government troops, but a few who remained state definitely that the looting was done by Government troops. On the return of the population, practically every house showed signs of a systematic search for valuables; all money, clothes and personal effects having been removed.

KIANGSU:

Mr. Sokobin, Vice Consul in charge at Nanking, reports that there were two train loads of Lung Chi Kwang's troops at the Pukow terminal of the Tientsin line on the 19th: these are being guarded by a few hundred of Li Shun's men who are

camped alongside the troop trains. Several days previously a Chinese cruiser called at Pukow to remove General Lung's troops, but after a discussion between the Commander of the cruiser and the officer commanding the troops, the war ship departed without embarking them.

Mr. Sokobin adds that from reports received it would appear that the bandit situation in Shantung and northern Anhui is very serious indeed. Mr. Ripley, of the Grand Canal Conservancy works, who had recently been at Tsi Ning Chow, Shantung, informed Mr. Sokobin that the Magistrate there would not permit his party to go more than a mile outside the city walls.

Mr. Sokobin, Vice Consul at Nanking, telegraphing under date of September 25th and 26th, reported that three train loads of troops, said to be under the orders of the General Staff, left Pengpu under orders for Nanking on the 25th. Governor General Li Shun, who is determined to resist any attempt of the Peking Government to maintain independent forces in his province, at once cut the railway six miles north of Pukow and despatched three thousand of his own troops to Pukow to guard the terminal. At the same time he ordered the Tientsin Pukow line to suspend traffic. In his second telegram Mr. Sokobin states that the entire Six division had been moved across the river to Pukow. It appears that the troops of the General Staff consisted of three mixed brigades: they have apparently returned to Pengpu, and Governor General Li Shun now seems satisfied that they will not attempt to enter Kiangsu. Mr. Sokobin adds that Governor General Li appears to be very bitter toward the Premier.

There

There has been trouble in Haichow between the Salt Gendarmerie and soldiers over smuggled salt, in the course of which three men were killed and several wounded.

The crops in Haichow district are the best that have been harvested for years.

HUPEH:

The North China Daily News states that preparations are being made in Tokio for the reception of a delegation of Chinese business men from Shasi, who are expected to visit Japan during November.

The Consulate General at Hankow has received a letter from an American citizen residing Lao Ho Kow reporting as a result of steps taken by the local military officials bandit operations in that locality have been suppressed and that boats are now plying on both the Han and Kin rivers. Previously all local trade had been at a standstill by reason of the activities of the robbers: no Customs revenue was being collected, and the price of commodities had risen greatly.

CHIHLI:

According to a report appearing in the North China Star the Provincial Assembly of Chihli has pointed out that the ultimate control of administrative functions in Kalgan, for the opening of which as a mart the Tutung of Chahar has received instructions, should be vested in the Chihli provincial authorities, in whose jurisdiction Kalgan is.

In view of the obstructionist attitude of the present

Tutung

Tutung towards foreign enterprise in Kalgan, it is hoped that the Provincial Assembly may succeed in this effort.

From a report appearing in the Tientsin and Peking Times on September 26th it seems that there are still a number of Lung Chi Kwang's bandit recruits at Tongku. Complaint is made of their behavior by both Chinese and foreigners. The same issue of this paper states that in view of the opposition, by the provinces concerned to the transit of these recruits, it has been suggested to the Government that they be sent from Tongku direct to Fukien. It is further alleged that the Military Council has instructed General Lung not to raise any more troops.

KWANGTUNG:

Discussing the political situation at Swatow under date of September 16th, Mr. Myers reports the return to Swatow of approximately two thousand six hundred southern troops under the command of Liu Chih-lu, who it is reported has been appointed Tu-pan at Swatow on the 16th, and was expected to resume his duties as Commissioner of Defence, pending the vacation of the office of Tu-pan by Ch'en Ch'iung-ming, the present incumbent, who is expected to instal himself as Tuchun of Fukien if his campaign in that quarter is successful. In case Chekiang aligns itself with the South, Ch'en will probably become Inspector General of Fukien and Chekiang. Chang Chueh-pu, Ch'en's representative in Swatow, a person who has made much trouble for foreigners, is expected to be made temporary Civil Administrator of Fukien.

HONAN:

HONAN:

Correspondents of the North China Daily News from Chang Teh Fu, Honan, report deplorable conditions in that province, due to the activity of brigands. Business is paralyzed and river-borne traffic from Tientsin held up. The brigands are said to be well armed, many of them being ex-soldiers of Chang Hsun.

Ten districts in northern Honan have been affected more or less seriously by floods, due to the breaking of the banks of the Chin river, a tributory of the Yellow river, in August last. The bed of this river is higher than that of the surrounding country and it breaks its banks somewhere every year. The break this year took place near Wuchih, the waters flowing north across the plain and entering the Wei River, which flows northeastward to Tientsin. The Tao-Ching railway embankment, which lay in the path of the flood, was cut by the villagers in three places. It has now been repaired, several outlets for the flood having been made. These, however, do not appear to the villagers to be adequate, and they are again threatening to cut the embankment. Relief work has been undertaken by the Pekin Syndicate, the Tao-Ching Railway management, Chinese officials and the Canadian Presbyterian Mission.

SHENSI:

A press report dated September 24th states that Sianfu is besieged by "Republican" (? Revolutionary?) troops and that preparations are being made to evacuate the city and retreat to Tungkwan. All well-to-do people and many of the officials have already fled. Rice costs at present forty to fifty cents a catty in Sianfu.

One brigade of Fengtien troops recently despatched to the assistance of Tuchun Chen Shu Fang has been recalled as it is urgently needed in Hunan.

KIANGSI:

Nanchang was visited recently by a British river gun-boat.

SZECHUAN:

The Central China Post states that the steamers of the Standard Oil Company and the Asiatic Petroleum Company are refusing to carry passengers of Chinese nationality lest the leaders of one side or the other should make it an excuse for firing on the ships.

HUNAN:

Under date of September 18th the American Consul at Chsngsha reports that the proposes to allow the return of missionary families to Changteh and Yi Yang, both of these places being easily accessible and relatively quiet. The northern forces at Yi Yang are under the command of General Feng Yu-hsiang, who appears to have the complete confidence of both Chinese and foreigners.

In view of the distrubed conditions in Hunan Mr. Perkins has requested, that, if possible, an American gunboat be stationed at Changsha during the low water season when the waterways between Changsha and Hankow are not navigable.

The Tientsin Chinese press reports the discovery, near Hsiang-tan, Hunan, of quartz deposits containing silver in

workable

workable percentages. It is stated that the Hua-chang Company is producing several hundred taels of silver daily.

Press reports state that Chaling, Hunan, has been taken by southern troops and that Yuhsien, northwest of Chaling is hard pressed.

The Northern commanders in Hunan are asking further reinforcements of Fengtien troops, which newspaper reports state will be sent, one mixed brigade originally under orders for Shensi having now received instructions to proceed to Hunan.

FUKIEN:

The Peking & Tientsin Times state that the Government received a telegram on September 23rd from the officer commanding the Government forces in the Amoy district stating that Tung An had been captured, and that after heavy fighting Kuan Kow was captured on the 20th; also that preparations are being made to attack Chang Chow.

Press telegrams from Foochow, received on the 24th, stated that Li Hou Chi had returned to Foochow.

Admiral Sah, whose arrival at Foochow is reported in some detail by the North China Star of September 25th, is still in Peking.

According to press reports the Fukienese in Peking held a meeting at the Fukien Guild on September 21st, at which it was decided to approach the Government with a view to preventing the despatch to Fukien of General Lung Chi Kwang's newly enlisted troops, who are regarded as no better than bandits.

SIBERIA:

There have been no military developments of consequence

on either the Eastern or Western Siberian fronts during the week. A Japanese War Office announcement states that 1500 armed Austrian and German war prisoners from Blagoveshchensk reached Heiho and were disarmed on September 18th.

General Horwath's Government has ceased to exist as an independent body, and General Horwath has resumed his former position as Administrator-General of the Chinese Eastern Railway, with the additional title of Russian High Commissioner for the Far East.

According to telegraphic advices from the American Vice Consul at Omsk, there have been a number of dissensions amongst the members of the Omsk Government. On the night of September 20th the Minister of the Interior, the Minister of Native Affairs and Mr. Yakusheff were arrested by armed officers, taken to a house, and there upon threat of their lives, made to sign resignations. After being kept captive for twenty-four hours they were freed but given twenty hours in which to leave Omsk, which the first two did. This whole proceeding is attributed to the Minister of Finance, but it is believed that General Griskin-Almazoff, formerly Minister of War, may be back of it. According to later reports, the 8th Czech regiment went to Omsk to reestablish order and apparently to arrest the Minister of Finance.

Reports from Turkestan via Irkutsk state that the position of the Bolsheviks is daily growing more critical on account of shortage of ammunition and of the general dissatisfaction with them.

Clever and persistent German propaganda in newspapers and otherwise is reported from Turkestan. There is a prospective shortage of all kinds of fuel there.

In regard to the mobilization now being carried out in Western Siberia, reports generally are favorable, dissatisfaction apparently being limited to two districts of the Altai Government, where Cossacks have had to subdue and disarm riotous peasants.

Discussing conditions in Siberia generally, Mr. Harris telegraphing on September 22nd, states that no enthusiasm is shown by the people for the continuation of the war. All statements made by the various governments, no matter of what nature, are received with indifference. Mr, Harris believes that if the Czechs were removed from any city in Siberia, the Urals or Samara, the Bolsheviks would regain control. There appears to be no large grasp of the situation nor any ability, even amongst the intelligent classes, to view problems from an all-Russian standpoint. The declarations of the All-Russian stAssembly just held at Ufa read well from an Allied standpoint, having been framed for that purpose, but as a matter of fact the policy adopted there for the internal regeneration of Russia is so radically socialistic in so far as concerns the land questions, the private ownership of manufacturing plants, and trade, that it is practically the Bolshevik plan, and could only increase Russia's difficulties if put into practice. German propaganda is still very apparent. Unless the Allies are prepared to assist the Czechs in the fighting against the Germans in European Russia, the Allies in all fairness to the Czechs should withdraw them in time from Russia and Siberia so that they may not be sacrificed needlessly.

The following brief official statement in regard to the operations in Siberia during the week September 10th to 17th may prove of interest.

EASTERN FRONT.

The districts of Transbaikal and Priamur have been cleared of German and Maximalist bands. After the occupation of Habarovsk and Blagoveshchensk, the Allied troops undertook the pacification of the Amur district by advancing along the river and the line of the Amur railway from Habarovsk and Karimskaya towards Alexeieff, where on the River Zeya the remaining Magyar-German forces are concentrated.

SIBERIA.

In Siberia generally, order has been established excepting in a part of the district Semiretchensk, where the Maximalists, led by German prisoners, still maintain themselves. All Siberia is bending every energy to the reconstitution of the army. The mobilization of the classes of 1919 and 1920 is proceeding. The attention of the Siberian Government is directed toward the defense of the Urals against the pressure of the German and Maximalist troops who are attempting to enter Siberia. On the Ural front and on the Volga, the principal operations are being conducted along the lines of the railways. In the direction of Ekaterinburg, the Siberian and Czech troops have taken the town of Krasnoufimsk after a fight. In the direction of Kazan and Simbirsk, the enemy, reinforced by two newly-arrived German divisions, have forced the evacuation of the cities of Kazan, Simbirsk, Syzran and Hvalinsk, and a retirement along the left bank of the Volga. The large bridge near Syzran is still held. The Czech and Russian forces removed from Kazan the State holdings of gold - 650,000,000 roubles in gold which had been seized from the Maximalists during the occupation of Kazan. In the direction

In the direction of Orenburg the Siberian troops are advancing along the railway towards Tashkent.

The American Government has secured the approval in principle by the Russian Czech, French and Japanese Governments to a proposal to place the entire Siberian Railway systems, including the Chinese Eastern Railway, under the effective control of the Russian Railway Commission headed by Mr. Stevens. As has been pointed out previously, this Commission draws its authority from the last recognized Russian Government, is paid from Russian funds, and is working solely in Russian interests.

MANCHURIA:

According to reports reveived from various parts of Manchuria, including the American Consular Officers at Mukden and Antung, the Tuchun of Fengtien has been recruiting a large number of brigands for use apparently on the frontier. Some of those stationed near Mukden have already given some minor trouble.

HARBIN:

Discussing General Gaida's order, referred to last week, the American Consul at Harbin reports under date of September 16th, that the strike seems to have been definitely settled thereby and that the workmen, speaking generally, are rather pleased with the order. The trains are now running on a fairly full schedule and more or less work is being done in the shops.

A number of leaders in the strike have been arrested by the railway authorities and are still confined in prison.

The Russian Daily News of September 16th and 17th states that further arrests of members of the strike committee were about to be made.

Mr. Jenkins reports that the Japanese have strung two telegraph lines and one telephone line from Changchun to Harbin and one telegraph line from Harbin north. The Kung Yen Pao, a Peking Daily, under date of September 23rd, reports that China has granted permission for the Japanese use of the poles of the Chinese Telegraph Administration subject to the following three conditions: (1) that the Japanese shall make all necessary repairs to the line as with the weight of two additional wires the lines and poles will be broken easily, and thatt after the war is finished the Japanese wires shall be taken over by the Chinese without the payment of any compensation: (2) that although permission is granted to the Japanese to string new wires, no interference with the existing service is to be permitted; (3) that the use of the new lines is to be limited to telegrams concerning military affairs, that the Japanese shall not convey over them any message of any other nature, and that the new wires shall be available for the despatch of Chinese military telegrams.

Mr. Jenkins further reports great activity in and around Harbin in the purchase of real estate and factories by Japanese business men; this was noticeable also at Habarovsk.

CHINESE POLITICAL NOTES:

There have been no startling developments in the demestic situation during the week. The press continues to reflect the general public opinion that informal negotiations are being carried on with a view to some settlement between the North and the South. General Wu Pei Fu has despatched another telegram to the Government, this time in the nature of an ultimatum, it is asserted, pointing out that the informal truce on his front cannot last indefinitely, and demanding to know the intentions of the Government.

There is a widespread belief that a peace conference will be convened shortly, and that it will be held somewhere in the Yangtze Valley. The three Yangtze Tuchuns are frequently mentioned as peace mediators. The situation at Nanking, which is discussed elsewhere, is not such, however, as to induce General Li Shun to adopt a friendly policy toward the present cabinet, and it is feared that the action of the cabinet in apparently endeavoring to force Li Shun's hand may delay an understanding with the South.

The sensation of the week in Peking has been the suppression of eight of the Chinese dailies, and the arrest of the editors thereof, for printing reports of the proposed loans from Japan. Amongst the papers suppressed were some of the best known Chinese journals in Peking. Several of the papers have been allowed to reappear, and all of the editors but one have been released on bail. The North China Star states that the action of the authorities in this matter was taken without pressure from either foreign or Chinese sources, and that the papers were suppressed and the editors arrested for

violation of certain press laws. In view of the fact that certain foreign and Chinese newspaper men in Peking have received recently threatening letters on account of their comments on the loan negotiations, it seems hardly possible to credit the Star's statement that no outside influences were brought to bear on the police authorities.

The reaction in Peking to the fall of the Terauchi cabinet in Japan is awaited with much interest. It is commonly stated that the Tuan cabinet has been dependent for its existence for many months past on the support given it by the Terauchi cabinet, and it is freely asserted that it cannot long survive the fall of that government.

LOANS AND FINANCE:

The North China Daily News correspondent at Tai-ku-hsien, Shansi, states that an order for eleven thousand tons of pig iron has been placed with a Chinese company controlling the output of the Ping Ting-Yu-hsien iron mines. The source of the order is not stated. A new field of iron deposits has been discovered in the Wusiang district. It is thought that should the deposit prove extensive it may hasten the construction of an extension of the Tao-ching railway line from Tseh-chow Fu northwards, presumably to Tai Yuan Fu.

The North China Star, under date of September 1st, reports the opening in Tientsin of a branch of the Bank of Chosen.

The local press in Peking and Tientsin in discussing the Japanese financial activities, suggests that the fall of the Terauchi Cabinet will put an end to the operations of the group of Japanese capitalists who have been represented in Peking by

Mr. Nishihara

Mr Nishihara, and who have concluded with the Chinese Government a series of loans during the past year.

In connection with the group of loans said to be under negotiation between this group of Japanese capitalists and the Chinese Government, mentioned last week, there is no definite information as yet of their having been signed. The suppression of eight Chinese newspapers in Peking on account of their injudicious comments on this transaction is discussed elsewhere.

According to reports appearing in the North China Star, the Chinese Chamber of Commerce at Shanghai has passed a resolution in favor of the prohibition of the export of precious metals, the proposed regulations for effecting which were mentioned last week.

At the Session of the House held on the 24th, Mr. Tsao Ju-lin, Acting Minister of Finance, was questioned regarding the position of the Bank of China and Bank of Communications in respect to their Peking note issues. In the course of his remarks Mr. Tsao stated that the Peking Mukden railway had redeemed nine million dollars worth of the notes of the two banks, but that he could not saywhat amounts had been redeemed by other organs of the Government; that the total amount of Bank of China notes now in circulation in Peking was eighteen million dollars and of Bank of Communications notes, nine million dollars: that the Government was destroying every note it redeemed and that no new notes would be issued until the old ones had been recalled, when a new issue would be made. Before the conclusion of the debate, it was found that no quorum was present: it was therefore decided to continue the interpellation at the next Session. It is generally believed that Mr. Tsao's figures as to the note issues now out, are entirely incorrect, as is also his statement that no notes are being re-issued. This latter statement is contradicted by

by the official figures published in a recent report, extracts of which are mentioned last week.

Mr. Vologodsky, Premier of the Omsk Government, speaking at Vladivostock in regard to the commercial and financial position in Siberia, said that it was the aim of the new Siberian Government to remove all unnecessary restrictions on private trade, although full freedom was not yet possible, as the temptation to "profiteering" was too great. The finances of Siberia, according to Mr. Vologodsky, are in a satisfactory condition. The Government has opened credits to the amount of eighty five million roubles, of which fifty four million are for military purposes and about twenty million for industrial purposes, principally rail transportation. Currenttaccount deposits in the State Bank are approximately three hundred and eighty million roubles. Mr. Vologodsky continuing stated that a series of measures had been elaborated for the protection of the forests and for their proper development. In regard to agrarian questions, he stated that the Government had no objection to the nationalization of landed property, but could not take upon itself the realization of such a measure as the Constituent Assembly of all Russia had left the ultimate decision on this point to the Siberian Constituent Assembly.

It is reported that the Hongkong and Shanghai Banking Corporation is opening a branch in Vladivostock.

The American C-onsul General at Mukden, reporting under date of September 19th, states that the Seupingkai-Chengchiatun railway was opened to traffic on September 15th. Mr. Baker recalls that the construction of this line was sanctioned by the Chinese Government in 1911 but that owing to the disturbed state of the country the servey was not completed until 1916. The

The funds for the construction of the line were borrowed from Japanese sources and amounted to 5,000,000 silver yen, of which sum 3,800,000 silver yen was available for construction work, the balance having been expended on surveys and the purchase of the right-of-way. The loan agreement provided that all materials needed for the construction of the line which China could not produce, were to be purchased from Japan. The only serious engineering problem was the bridging of the Liao River. The present bridge is of a semi-permanent description, an earlier temporary bridge having been washed out. It is understood that further sums of money necessary to carry out the construction of the line will be supplied by the Japanese. No rolling stock having been obtained from Chinese sources, the South Manchurian Railway has loaned a sufficient number of carriages, cars and locomotives to open up traffic. The management of the line, including stations, is estimated at 7,000,000 silver yen; the line is 54 miles long. The primary value of the line is in giving an outlet to the native produce from the surrounding districts. The journey from Ssupingkai to Chengchiatun formerly took from two to five days, whereas it can now be made in less than four hours. Should the line be extended to Kailu, a distance of 130 miles, it would furnish an excellent means for opening up Eastern Mongolia to trade. The country between Chengchiatun and Kailu is almost entirely level, and there are no large rivers to bridge. It is estimated that such an extension could be completed in the course of two years. Mr. Baker is of the opinion that the line should prove highly profitable.

OPIUM:

Under date od September 19th the Legation formally communicated to the Chinese Foreign Office the following instruction from the Ameriaan Government. "The American Government deeply regrets to learn that the Chinese Government has recently sanctioned the purchase of certain stocks of opium at Shanghai and made arrangements for the disposal of the same agreeing to a plan which is in contravention to the spirit of the Hague Treaty which has been ratified by the United States and China. This action endangers all the beneficial results which have been hitherto accomplished towards the wiping out of the opium traffic in China.

My Government expresses the earnest hope that the transaction above referred to will not be carried to completion but that the Chinese Government will take steps to cancel the agreement which has been entered into with the opium merchants of Shanghai."

PERSONAL:

Mr. A. W. Gilbert, Vice Consul At Nanking, has resigned. It is understood that Mr. Gilbert has accepted a position in an educational institution at Wuchang.

Mr. J. B. Nicholson, Vice Consul at Changsha, has been granted leave of absence with permission to visit the United States and will leave Changsha early in October.

Mr. N. T. Johnson, at present in charge of the Shanghai Consulate General, has been detailed for duty at the Department of State and will leave for the United States on the return of Consul General Sammons. Mr. Johnson's post of Administrative Consul at Shanghai will be filled by Mr. W. R. Dorsey, for some years Vice Consul at Shanghai and latterly consul in Spain and Africa.

The Central China Post reports that Mr. Edwin S. Cunningham, American Consul General at Hankow, is now en route to China to resume his post.

There is appended a list of American Consular Officers in China and Siberia, so far as known to the Legation.

Number of copies..... 3
Copy No 1
Encl
OFFICE CHIEF OF STAFF
Executive Division
MI. Int. Branch.
DEC 9 9944 2:17 1918
WAR DEPARTMENT
NOTED: M. 4 2d

Peking,

October 4th, 1918.

J. V. A. MacMurray, Esquire,
Charge d'Affaires,
American Legation,
Peking.

Sir:

In compliance with your oral instructions, I have the honor to submit a report of the establishment of the "clearing house" for intelligence, authorized by the Department's telegraphic instruction of July 24th, 6:00 P.M.

Agreeably to the terms of the Department's instruction concerned, and by an understanding between the Naval Attaché, the Military Attaché, and myself, the following general plan of the work to be undertaken by this office has been laid out.

The first result at which we have aimed has been the exercise of a more efficient control over the granting of emergency passports and the visaing of passports for both Americans and aliens. To accomplish this, the various lists of persons suspected of pro-enemy activities have been collected in this office, and a start has been made at the compilation of a comprehensive card index of all the names included therein. The original lists include the several lists of enemy carriers and suspects circulated by the Military

Intelligence

Intelligence Bureau of the War Department, similar circulars issued by the Office of Naval Intelligence, and a number of local lists prepared by the Legation, other Allied Legations in Peking, and the Naval Attaché of this Legation. In all, the names of more than 3,000 persons are listed. So soon as the preparation of a card index is completed, it is intended to prepare a detailed list of suspects known to be in China, which it is proposed to circulate to the American Consular Officers for correction, revision and amendment. In order to make the most possible use of this material, the Legation has instructed the several Consuls in China to refer the names of all applicants for passports or for visa to the Legation before taking any action in connection with such applications. In practice, the establishment of this office has accelerated markedly the passing of the names of applicants for passports or visas; heretofore these names were submitted separately to the Naval and Military Attachés. Pending the circulation of a comprehensive list of enemy suspects in China, this office is circularizing to all the Consuls in China the names of persons whose applications for passports or for visas have been refused. A similar notification is sent to the Consulates respecting losses of American passports. Incidentally to the general question of passport control, the activities of a number of suspected persons have been investigated with the aid of the Consular Officers in whose districts they reside. While there exists at present no effective machinery

in China for dealing with persons guilty of pro-enemy activity, it is believed that the collection of comprehensive information relating to their activities may be of use not only in connection with passport control but in the event of the Chinese Government deciding to intern dangerous alien enemies.

The second aim of this office has been to facilitate the dissemination of the information collected. This is accomplished in a number of ways. All important communications received by the Legation are promptly sent to this office, where they are inspected by the Naval and Military Attachés, who indicate which of such communications are of interest to them. Copies are then made of these for their use. Similarly, information of importance received by the Naval or Military Attachés is handed in by these officers for communication to the Legation. By an arrangement made with the Intelligence Officer of theFifteenth Infantry, stationed at Tientsin, daily reports are received from him in regard to the movements of troops and of suspected persons, and in return any pertinent information is supplied to him.

A reference has been made above to the dissemination to the Consulates of information concerning persons to whom visas have been refused.

To fill what has been a long-felt want, this office has undertaken the preparation of a weekly bulletin, intended primarily for circulation to the Consulates, covering events of importance in the several consular districts, political news in Peking,

and

and the Provinces, financial activities, bothChinese and foreign, the Siberian situation, and items of personal intelligence in regard to the members of the service. By the request of the Naval and Military Attachés, copies of this bulletin are sent as well to the Military Intelligence Bureau atWashington, the Office of Naval Intelligence, Washington, the Admiral commanding the AsiaticFleet, and the Intelligence Officer of the Fifteenth Infantry at Tientsin. A copy is also sent to the Department of State.

As a convenience to the Legation, daily press clippings dealing with matters of interest in China and Japan are supplied. By arrangement with the Naval Attaché, this office receives and clips Tientsin, Shanghai and Hankow papers, while the Naval Attaché's office deals with Peking, Dalny (Dairen) and Japanese papers. After having been read by the Legation, these clippings are forwarded to the Office of Naval Intelligence, in Washington.

An attempt is being made to secure as complete information as possible in regard to the activities of suspected persons in China. Reference has been made to this in connection with passport control, but the collection of information is not limited to persons who may have applied or may be expected to apply for passports. Information is also being collected in regard to Chinese domestic affairs. This branch of the work is capable of great expansion, and it is hoped gradually to extend it

by

by securing in different parts of the country regular correspondents. Two suggestions have been made in this connection: one, to enlist, through the Consulates concerned, the assistance of selected missionaries stationed in the interior; the other, to arrange with personal friends of various government officers to make periodic reports. There are a limited number of paid agents under the orders of the Naval and Military Attachés who are available for work of investigation. If it is desired seriously to undertake work of thisnature, it would be necessary to secure the services of a considerable number of paid agents. Consular Officers as a rule are fully occupied with regular work, and moreover their official position makes it practically impossible for them to collect the sort of information desired. While something may be done by volunteer agents, they cannot be depended upon for regular reports or to carry out any special investigations.

Despatches received by the Legation dealing directly with questions of passport work and the activities of enemy agents are as a rule referred to this office and answers thereto drafted.

A certain amount of clerical assistance is given to the Naval and Military Attachés in connection with matters of a confidential nature.

In view of the overcrowded condition of the chancery and of the impossibility of renting suitable offices in the Legation quarter, an arrangement was made with a local contractor to build offices on a vacant site

belonging

belonging to the Legation. By an fortunate coincidence it was found possible to utilize material of the old Legation Guard barracks which are now in process of demolition. The arrangement made with the contractor provides for the payment of Mex. $1000.00, and thereafter of five quarterly payments of approximately Mex. $450.00 each, upon the conclusion of which the building reverts to the Legation. A copy of this agreement is enclosed. This building contains eight offices, which will be occupied by the offices of the Naval and Military Attachés, this office, and that of the Special Assistant of the War Trade Board. In this manner it is hoped to secure a closer and more efficient cooperation than would otherwise be possible. Of the appropriation of G. $3000.00 (which at current exchange rates amounts to Mex. $_____) granted for the establishment of this office, Mex. $1000.00 has been spent for offices, as stated above, and Mex. $____ for equipment, including furniture, stationery, typewriters and a duplicating machine. Of the monthly appropriation of G. $1000.00 allowed for the current expenses of this office, Mex. $387.50 has been allocated to the payment of Mr. Simmang's salary (approved by the Department's telegram of September 7th, 2:00 P.M.) and Mex. $100.00 to the payment of Chinese clerical assistance. In view of the large amount of copying work which has to be done, it will probably be found necessary to engage further Chinese clerical assistance. As already stated, Mex. $450.00 a quarter for five quarters has been pledged for rent. Other items to be met from the appropriation for current expenses are newspaper subscriptions, stationery, heating, light, and

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the wages of an office boy and one or two messengers.

Pending the completion of the office building now in course of erection, a portion of the Students' Mess, which was vacant at the time, has been made use of for temporary offices and for living quarters for myself. Upon the completion of the new building the present office of the Naval Attaché will be available for dwelling quarters for Mr. Simmang.

The personnel of the office consists of the following:

Lieutenant-Commander I.V.Gillis, NavalAttaché
Major W. S. Drysdale, Military Attaché
Major E. V. Cutrer, Assistant Military Attaché
Mr. C. L. L. Williams
Mr. Theodore E. Simmang
Mr. T'ing

Commander Gillis and Major Drysdale take no active part in the actual work of the office, being fully occupied with their own duties, but keep in close touch by daily visits. Mr. Williams is concerned principally with the drafting of outgoing correspondence, the preparation of the weekly bulletin, and in keeping touch with the Legation by personal conferences with the head of the Mission. The files, lists of suspected persons, applications for passports and visas, and the superintendence of the clerical work generally are in the hands of Mr. Simmang. Mr. T'ing devotes his time to copying work and documents in the Chinese language. Mrs. Williams has volunteered her services as an additional stenographer.

While Mr. Lincoln, designated by the Department as Special Assistant to the Legation for War Trade Board

work,

work, has not as yet received such detailed instructions as would make it possible for him to undertake the duties of his office, provision has been made for office space for him in the new building, of which it is hoped he will find it convenient to make use, as it is believed that in many matters a close cooperation between the representative of the War Trade Board and this office will facilitate greatly the work of both.

I have the honor to be, Sir,

Your obedient servant,

Second Secretary of Legation

Enclosure:

Copy of contract for
construction of new office

REC'D, M. I. B., O. C. S. JAN 29 1919

Number of copies 3

Copy No 1

OFFICE CHIEF OF STAFF
Executive Division
MI. Int. Branch.
JAN 31 1919

9944-D-18

SUBJECT . . . . . NEED OF BUREAU OF INTELLIGENCE IN CHINA. . .

. . . . . WAR DEPARTMENT

FROM. . . . . H. A. . . . . CAPT. H. A. KENYON.

NO. . . . . 1694. . . . . DATE. . . . . DECEMBER 3rd, 1918.

REPLYING TO NO. . . . . DATE. . . . . 1918.

SECRET

1.- I quote below a letter written by one who has had considerable experience in the Far East and who is especially qualified to recommend regarding intelligence work.

2.- The writer seems convinced that sooner or later there is certain to be a rupture between the United States and Japan. This view may be extreme but the need of efficient and constant supervision of the activities of the Japanese is apparent and publishing promptly the facts regarding Japanese intrigue, and accurate information regarding Japanese methods may prevent the "rupture" that the writer thinks certain.

3.- In this regard I venture to refer you to the report on "Japanese control of news and communication in China" forwarded in this pouch.

4.- The documentary proofs substantiating the statements made in this report will be delivered to the Chief of Military Intelligence by the investigator in person. I have requested this gentlemen to have an interview with the Director of Military Intelligence in person as I believe that valuable information may be obtained in this way.

5.- The following is the letter referred to in the 1st paragraph.

" The longer that I dwell out here , and the more that I learn of the knowledge we are now gaining of the subtleties of German intrigue, the more convinced I am of the urgent necessity of our immediately taking steps of safeguard our country against the machinations of Japan.

You,- better than most people,- are fully aware of how inadequate was our information and of how inefficient and ineffective our intelligence service when we entered the war, but I would endeavor to impress upon you that our handicap in the Far East will be a hundred times greater, on account of the language difficulty.

Here Japan is at peace with China, and yet her espionage system is extensive beyond belief, and only the other day I learned that no less than nineteen Japanese officers had been detected by the Chinese authorities travelling throughout the far distant province of Kansu as medicine vendors, pill peddlers, and the like, and how many others were there and not detected is not stated.

Unless Japan changes her policy (and there is nothing even to-day that indicates such) vis-a-vis the Far East, and China in particular, we are as certain to have a clash with her as it is certain that the sun will rise in the East and set in the West, and if this comes, it will be soon after the peace.

Don't forget that despite all the "brotherly love" and amicable feelings of to-day, an exhausted England and France will be extremely jealous of our exalted position when the war is over, and moreover, the European peoples will be "fed up" with war and its miseries, and we cannot count upon any assistance from them in carrying out our altruistic policies in the Far East that do not affect them directly.

SECRET

I am the last one in the world who wishes to see further trouble, and am not in the slightest degree anti-Japanese,- although my harping on the subject would seem to indicate that I am,- but with my long residence in the Far East and knowledge of Japanese policy, diplomacy, politics, and the personality of her leaders, nothing can convince me that a continuation of her present policy (identical with that of Germany) will not bring about a rupture between the United States and Japan sooner or later.

As I have so often said,- there is but one remedy,- rather I should say, preventative,- for the trouble, and that is "merciless publicity."

This requires an extensive organization to be divided into two groups: namely,-

1.- A field group of observers stationed all over the Far East to report in detail upon every activity of the Japanese Government and people,- whether the debauchery of Chinese officials by semi-official (really official) loans and the commissions attached thereto, or the debauchery of the people through Japanese harlots and morphine vendors (both secret agents of the Japanese Government).

2.- An office group of collate, analyze, and publish the reports of the field group.

In connection with the office group, would be a Japanese language school, which I deem of special importance, for there are few trustworthy Americans who have a proper and adequate knowledge of the language.

All of this is going to require a great deal of money, but if it keeps us out of war, it will be well worth expending.

Don't for an instant think that I intend that there should be any secrecy about this organization, for that would be but a repudiation of my own ideas on the quote subject,- namely "publicity."

The mere fact that we were maintaining such an organization would of itself tend to restrain pernicious activities on the part of Japan and the Japanese, and in this way be beneficial as a preventative measure.

The Japanese maintain an extensive, intensive, and comprehensive system of espionage and propaganda throughout the United States (as well in China) assisted by certain renegade and traiterous Americans, without causing unfavorable comment or criticism, and I can see no reason why like action on our part should not be possible.

Now that the war is over we should not relax our efforts to combat Japanese intrigue and treachery, and the sooner an organixation is perfected to take up and combat such the better."

Number of copies..... 3

REC'D, M. I. D., W. Copy No. ..... 1 .....

MAR 7 - 1919

OFFICE CHIEF OF STAFF
Executive Division
[illegible]

SUBJECT..... PROPOSED INTELLIGENCE SERVICE IN CHINA.

MAR 11 1919

9944-I-20

FROM..... H. A. ..... WAR DEPARTMENT

NO. ..... 1771. ..... DATE. .... JANUARY 17th, 1919.

REPLYING TO NO. ..... DATE. ..... 1919.

NOTED W. J. D.

1.- Following are copies of recommendations made by the Naval Attache and by the Legation on the above subject. This office is in hearty agreement with the principles set forth in these recommendations and believes the War Department might well cooperate with the State and Navy Departments, in some such arrangement, but with careful provision for eliminating any needless duplication of work on the part of the cooperating Departments.

REPORT OF NAVAL ATTACHE.

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Now that the war is over we should not relax our efforts to combat Japanese intrigue and treachery, and the sooner an organization is perfected to take up and combat such the better".

Tentative Districts.

1.- Manchuria, to include eastern Russian in Asia and Korea. (A)

2.- Mongolia, to include central Russia in Asia. (B)

3.- North China, to include provinces of Chihli, Shansi, Shensi, Kansu, and Honan. (B)

4.- Province of Shantung. (A)

5.- West China, to include Kokonor, Sinkiang, Thibet, and western Russia in Asia. (C)

6.- Yangtse Valley, to include provinces of Kiangsu, Chekiang, Anhwei, Hupeh, Kiangsi, and Hunan. (B)

7.- Fukien and Formosa. (A)

8.- South China, to include Kwangtung and Kwangsi, with the adjacent French possessions. (C)

9. South west China, to include Szechuan, Yunnan, and Kweichow Province. (C).

(A) indicates districts of primary importance.

(B) indicates districts of secondary importance.

(C) indicates districts of lesser importance.

~~(D) Far East in General~~.

REPORT OF LEGATION.

"The establishement of a joint office in the Legation at Peking under the immediate direction of the Naval and Military Attaches and of a representative of the Legation has proved of material assistance in the dissemination of information received from various sources and in making practical use of the same. It has, however, emphasized the necessity of multiplying the sources from which information may be obtained and of improving and accelerating the transmittal of such information to the Legation. It is agreed by everyone who has considered the question at all that the present sources are entirely inadequate to keep the Legation even superficially informed of events in the provinces, of conditions there and of the activities of trade rivals.

From the point of view of efficiency and accuracy a paid Intelligence service would be infinitely preferable to any volunteer organization. Some months ago Captain Gillis outlined a scheme for a paid Intelligence Service which was submitted to and approved in principle by the Navy Department. In belief this scheme provided for the division of China into a number of geographical districts in each of which or be established one agent who would be stationed permanently at some chosen spot, known generally as a "fixed post" and one or more travelling agents working under the direction of the fixed post, each of these travelling agents to keep continually on the move throughout his district collecting information and arranging with American residents to act as voluntary correspondents and agents for the collection of information. It has been found necessary in order to make any effective use of voluntary agents to keep in constant touch with them, as otherwise they become negligent, or do not consider such information as they may gather of sufficient importance to be worth reporting. The travelling agents would accomplish this purpose. While it is difficult to estimate accurately what such a paid service would cost it is probable that this scheme would require the expenditure of about two hundred thousand dollars per annum, which it is presumed is more than our Government would be willing to appropriate for this purpose. It is thought, however, that by certain modifications of this scheme and by limiting its geographical scope it may be possible to provide a comparatively efficient service at a very much less cost. As will be seen from the above the duties of the fixed post are mainly concerned with editing and transmitting information, i.e. they are office duties and have little to do with the collection of information. For a variety of reasons Consular officers are as a rule illadapted for the collection of information: their official duties do not permit them to spend time in travelling and their official positions would frequently be a positive drawback. These objections do not apply to their functioning as fixed posts, and it is suggested that by the designation of an individual Vice Consul on the staff of each of the more important Consulates to act as Intelligence Officer, the problem of the fixed posts would be solved satisfactorily. It would remain necessary, however, to employ paid travelling agents. As a commencement and until it can be seen whether or not the results would justify the expenditure, the number of such travelling agents could be reduced from the twenty or more suggested by Captain Gillis' scheme to

three or .

men to cover those provinces of particular interest to Government at the present time. There are already in the employ of the Government one or two men who could be made use of in this way.

Inasmuch as the success of the whole scheme would depend on the ability of these travelling agents to secure the hearty co-operation of volunteer agents throughout the country, it is essential that the persons selected for such positions should have a wide acquaintance amongst the Americans resident in the districts to which they would be assigned. The knowledge of Chinese while valuable is not essential.

For the present it is suggested that one travelling agent be assigned to Manchuria and eastern Mongolia, reporting direct to Peking, one to northern Chihli, Shansi and Mongolia reporting direct to Peking, one to Shantung, Honan, Anhui and northern Kiangsu, working through a fixed post at Tsinanfu, one in Hupeh, Hunan and Kiangsi, working through fixed posts at Hankow and Changsha and one for Kwangtung, Kwangsi, Kweichow and Yunnan, working through a fixed post at Canton.

It is suggested that Mr. Palmer could combine with his other duties the work of travelling agent in Manchuria and eastern Mongolia and of the organization of an intelligence service there. It is thought that the services of Mr. Lamb could be used for the district of Chihli, Shansi and Mongolia. For the remaining three districts new agents would have to be found. It is thought that Major Arthur Bassett could be of great assistance in organizing a service in Shantung, northern Kiangsu and Honan, and it is suggested that should this plan be found practical Major Bassett be authorized to make a trip for his purpose through the districts mentioned.

To secure the services of competent agents it is thought that it will be found necessary to pay at least four thousand gold dollars per annum.

To prevent attracting unnecessary attention it would probably be found necessary for such agents to travel as Commercial Attaches of some sort.

In the application of this scheme the volunteer agents at various points would report orally to the travelling agent or by letter to either the travelling agent or the fixed post, preferably the latter. Information secured by the travelling agent would be reported at once by him to the fixed post. The fixed post in addition to transmitting information secured to Peking would carry on a comprehensive intelligence file properly indexed covering his district, and would on occasion call for reports on specific subjects from the travelling agent and the various volunteer correspondents. The reports from the fixed posts throughout the country would be dealt with by central intelligence office in Peking, which would serve as a point of distribution to the various interested departments of the Government and as a agency for the obtaining of data desired by any of the several departments. Through the co-operation of the Naval and Military Attaches the reports of their special agents in the country equally would be available.

While the establishement of such a service has been suggested primarily by the war its usefulness for post-war purposes would be beyond question both for the collection of commercial information of all sorts and for maintaining a check on the activities, commercial and political, of other countries in China. It is obvious for example that the Consulate General at Tientsin cannot to expected to know what is happening in Taiyuanfu, in Kweihuacheng or in Kalgan, nor can the Consulates at Tsinan or Hankow be well informed of conditions along the Lunghai Railway. So far as southwestern China is concerned we are without information of any sort whatever. Southern Szechuan, Yunnan, Kweichow and Kwangsi are all without any American consular officers as are also Kiangsi, Anhui, Honan, Shensi and Shansi and Kansu. It is thought that simply as a means of obtaining trade information without regard to the value of political information such a scheme would justify the comparatively small sum required to put it into operation.

There can be no doubt that the Japanese for example have capitalized their knowledge of China, of the requirements of the several provinces and of the antecedents and sentiments of a large number of

Chinese/

Chinese officials both in the North and in the South. It is only by keeping in close touch with men and events in every province that it is possible to afford to American enterprise the fullest opportunity of success. While it is believed that there are in China at present a very large number of Americans who enjoy the confidence and esteem of their Chinese neighbours throughout the country, the lack of any machinery for keeping in touch with such Americans has made it impossible to make any practical use of their friendship with the Chinese. As an example of what may be done by perperly co-ordinated endeavor we have only to consider the extraordinary immunity enjoyed by the Germans since China's declaration of war. Despite the continued pressure of the Allied Government it has been found a matter of the gravest difficulty to induce the Chinese Government to take any effective steps to limit German activities and there can be no doubt that this is due almost entirely to the close personal relations which have been established by the Germans in China with prominent Chinese merchants and officials, largely as the result of a carefully planned campaign carried out by German officials and intelligence agents.

It is suggested therefore that the Legation ask of the Department the appointment of three men to be nominated by the Legation as special commercial attaches of the Legation.